National Defence
Défense nationale

Departmental Performance Report for the fiscal year ending March 31, 2008

Canada

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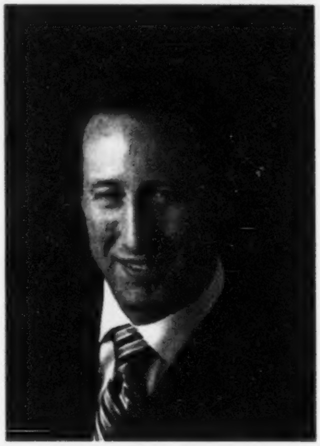
Minister's Message

As Minister of National Defence, I am pleased to present to Parliament the 2007-2008 Departmental Performance Report. This document provides a comprehensive overview of Defence activities and expenditures during fiscal year 2007-2008.



While this period has been busy and challenging for National Defence, it has also been characterized by growth and renewal. Thousands of Canadians volunteered to join the Canadian Forces, vital new equipment such as tanks and strategic-lift aircraft was delivered, Parliament extended the mandate for the Afghanistan mission, and the Government made critical commitments to boost Canada's capabilities in the North and to provide stable and predictable funding for National Defence in the long term.

We know that this growth must be managed effectively and accountably. Canadians expect the Department of National Defence and the Canadian Forces to exercise prudent resource management while achieving their objectives. That is why National Defence has been working to improve its reporting on how its resource allocations are designed to achieve the desired results, based on an easily understood and well-structured inventory of Defence activities. As of fiscal year 2007-2008, spending is being reported at a more detailed level of activity, providing a more in depth breakdown of how Defence works to achieve its three strategic outcomes:

- Giving Canadians confidence that the Department of National Defence and the Canadian Forces have the relevant and credible capacity to meet defence and security commitments;
- Achieving success in assigned missions in contributing to domestic and international peace, security and stability; and
- Promoting good governance, Canadian identity and influence in a global community.

There is no more important role for National Defence than protecting Canadians from threats emerging from an increasingly complex security environment. Working with federal, provincial, and local partners, Defence helped to protect Canadians through search and rescue operations, the provision of assistance to law enforcement agencies, and support during natural disasters. The Canadian Forces also continued to foster Canada's presence in the Arctic, including through long-range air patrols, Canadian Ranger operations, and exercises to improve emergency management capacity in the region. Our activities in the North were bolstered by the Government's announcements in the summer of 2007 that it would purchase new Arctic offshore patrol ships, and build a training centre in Resolute and a berthing and refuelling facility in Nanisivik, Nunavut. Meanwhile, Defence continued to enhance the close and mutually beneficial partnership with the United States in meeting challenges to continental security, including through NORAD.

The mission in Afghanistan remained the focus of Defence activities abroad in 2007-2008. Over the course of the year, approximately 7,000 CF personnel – both Regular and Reserve – deployed to Afghanistan as part of Canada's whole-of-government contribution to the international effort to bring peace and stability to that country. Through the work of the Provincial Reconstruction Team in Kandahar, the Operational Mentoring and Liaison Teams that trained the Afghan National Army and Afghan National Police, and the Strategic Advisory Team in Kabul, the CF contributed to the development of Afghanistan's capacity to defend its sovereignty and its people. It is a complex and challenging mission, and we must not forget that thirty-six Canadian soldiers gave their lives last year while working to achieve these goals.

Clearly, much work remains to be done. The Independent Panel on Canada's Future Role in Afghanistan highlighted the need for more troops on the ground, and the right equipment for the mission, including medium-lift helicopters and unmanned aerial vehicles (UAVs). We have made progress in all of these areas. Parliament has agreed to extend the mission in Kandahar until 2011, our NATO allies have met our request for additional troops in southern Afghanistan, and the Government has entered into negotiations to acquire UAVs and CH-47 Chinook helicopters as soon as possible. Looking ahead, National Defence will continue to transform its role in Afghanistan and work closely with other government departments and agencies to achieve Canada's priorities and goals for the 2008-2011 period, which include security, humanitarian aid, institution-building, and reconciliation.

Defence also continued to support the Government in developing and implementing the *Canada First* Defence Strategy. Building on the Government's investments in the military over the past two years, the Strategy provides a detailed road map to modernize and grow the Canadian Forces, as well as a strategic vision for the Forces' operations. Supported by predictable, long-term funding, the 20-year plan provides balanced investments across the four pillars upon which military capabilities are built – personnel, equipment, readiness and infrastructure. The Strategy not only represents a firm commitment to rebuild the Forces into a first-class, modern military able to provide enhanced security for Canadians, but also delivers significant economic benefits for citizens across the country. Indeed, the commitment to long-term funding provides Canadian industry the opportunity to more effectively meet defence procurement requirements and to reach for global excellence.

To protect our country, the Canadian Forces rely on the dedication and commitment of all members of the Defence team—both military and civilian. I am proud to lead this vital institution. I look forward to continuing my work with Canadians and Parliamentarians to further strengthen the Forces by providing unwavering support to our courageous men and women in uniform.

The Honourable Peter G. MacKay, PC, MP
Minister of National Defence

Management Representation Statement

I submit for tabling in Parliament, the 2007–2008 Departmental Performance Report (DPR) for the Department of National Defence.

This document has been prepared based on the reporting principles contained in the *Guide for the Preparation of Part III of the 2007–2008 Estimates: Reports on Plans and Priorities and Departmental Performance Reports*:

- It adheres to the specific reporting requirements outlined in the Treasury Board Secretariat guidance;
- It is based on the Department's Strategic Outcomes and Program Activity Architecture that were approved by the Treasury Board;
- It presents consistent, comprehensive, balanced and reliable information;
- It provides a basis of accountability for the results achieved with the resources and authorities entrusted to National Defence; and
- It reports finances based on approved numbers from the Estimates and the Public Accounts of Canada.

Robert Fonberg
Deputy Minister

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An electronic version of this report is available at:
<http://www.vcds.forces.gc.ca/sites/page-eng.asp?page=5609>

Note: Hyperlinks to supplementary information are embedded in the electronic version of this document.

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Section I: Summary Information

Raison D'être

The Defence Mission

The organizations of the Defence[1] portfolio (including but not limited to the Canadian Forces (CF)) have a mission to defend Canada and Canadian interests and values while contributing to international peace and security.

Under Canadian defence policy, the CF has three roles:

- protect Canadians at home;
- defend North America in cooperation with the United States; and
- defend Canadian interests abroad.

The Defence Portfolio

The Defence Portfolio is composed of the Department of National Defence (DND) and the CF. The CF is composed of environmental commands (Maritime Command, Land Forces Command, Air Command), operational commands (Canada Command, Canadian Expeditionary Force Command, Canadian Special Operations Forces Command, Canadian Operational Support Command) and a functional command (Military Personnel Command).

The CF also maintains the following:

- A police service, comprising the Military Police operating under the technical supervision of the Canadian Forces Provost Marshal;
- A military justice system administered under the superintendence of the Judge Advocate General, which is under the responsibility of the Minister of National Defence;
- Chaplaincy services;
- Extensive communications networks in Canada and abroad;
- Firefighting services;
- Medical and dental services for CF members, who are excluded from both the *Canada Health Act* of 1984 and the Public Service Health Care Plan;
- Youth programs, specifically the Canadian Cadet Program and the Junior Canadian Rangers;
- The Canadian Defence Academy; and

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[1] The Department of National Defence (DND), the Canadian Forces (CF) and the organizations and agencies that make up the full Defence portfolio are collectively referred to as Defence.

- The Canadian Forces Grievance Board.

The CF also includes a group of related organizations and agencies under the responsibility of the Minister of National Defence:

- The Office of the Ombudsman for the Department of National Defence and the Canadian Forces;
- The National Search and Rescue Secretariat;
- The Communications Security Establishment Canada; and
- The Canadian Forces Housing Agency.

The *National Defence Act* establishes DND and the CF as separate entities operating in close cooperation in an integrated National Defence Headquarters and elsewhere under the authority of the Minister of National Defence. The *National Defence Act* also establishes a Deputy Minister who is responsible for policy, resources, interdepartmental co-ordination and international defence relations, and designates the Chief of the Defence Staff, the senior serving officer of the CF, as the person "… who shall, subject to the regulations and under the direction of the Minister, be charged with the control and administration of the Canadian Forces."[2] As well as the *National Defence Act*, the Minister is responsible for the administration of the statutes, regulations and orders listed at Appendix A.

The Canadian Forces Grievance Board, the Military Police Complaints Commission and the Office of the Communications Security Establishment Commissioner report to the Minister of National Defence although they are not part of the Department of National Defence. This reporting arrangement and organizational status are designed to ensure accountability while maintaining the arm's-length relationship required to prevent conflicts of interest.

The Office of the Legal advisor to the Department of National Defence and the Canadian Forces (DND/CF LA) provides legal services to the Department and the CF in all areas of the law including Commercial law, Public law and Claims and Civil litigation, except those related to military law, military discipline and the military justice system for which the Judge Advocate General (JAG) is responsible.

In 2007, the Portfolio Council was created to ensure better coordination between the portfolio organizations in response to the Treasury Board's requirement to ensure that Ministerial portfolio responsibilities are understood, integrated, and carried out coherently as part of the Department's key responsibilities. The Portfolio Council meets quarterly and encourages feedback and information sharing between the portfolio organizations and the Department. The initial meeting was held in February 2008.

The National Defence Headquarters organization chart is found in Appendix B.

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[2] National Defence Act, Article 18(1)

Key Partners and Stakeholders

Defence works with many Canadian and international partners that help support its mission, programs and activities. The broad scope of the Defence mandate is reflected in the complexity and diversity of its partners and stakeholders, which are listed in Appendix C.

Overview of Delivery Mechanisms

The rules and principles governing government grants and contributions are outlined in the TBS Policy on Transfer Payments. Transfer payments constitute transfers of money, goods, services or assets made from an appropriation to individuals, organizations or other levels of government, without the federal Government directly receiving goods or services in return, but which may require the recipient to provide a report or other information prior to receiving payment. These expenditures are reported in the Public Accounts of Canada.

The following website provides additional information on grants and contributions awarded by Defence: < http://www.admfincs.forces.gc.ca/pd-dp/dgcao-dposcs-eng.asp>

A Summary of Transfer Payments Program Over $5M is available in Section III: Supplementary Information – Table 6a. Details of Transfer Payments Program Over $5M are provided in Section III: Supplementary Information – Tables 6b and 6c.

Link to Government of Canada Outcome Areas

Defence actively contributes to all Government of Canada Outcomes. The following table provides a summary of the linkages between Defence Strategic Outcomes and Government of Canada Outcomes. Additional details on past contributions of Defence can be obtained in the 2006-2007 Canada's Performance Report and the 2006-2007 National Defence Departmental Performance Report.

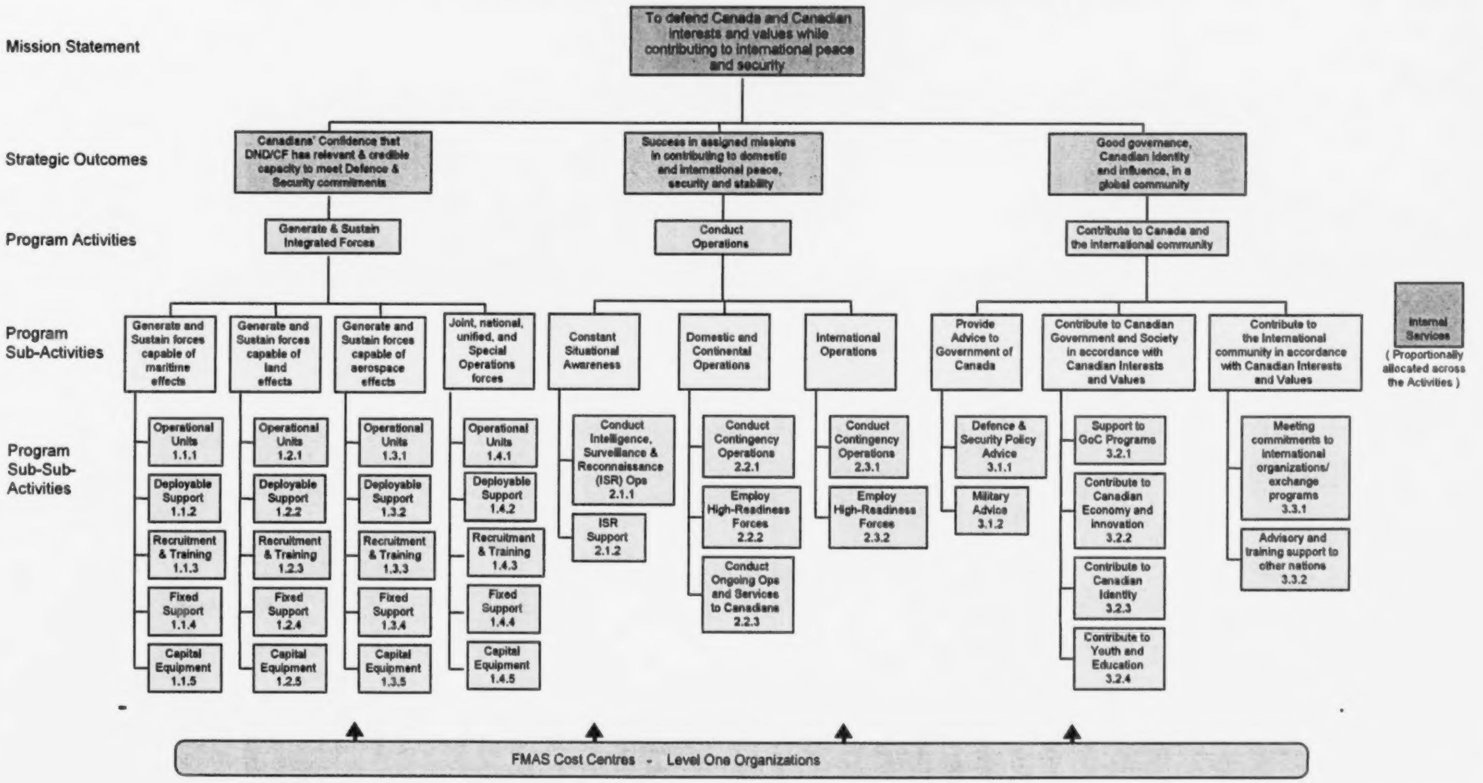
Government of Canada Strategic Outcomes	**National Defence's Strategic Outcomes**		
	Canadian's Confidence that National Defence/CF has relevant and credible capacity to meet Defence and Security commitments	Success in assigned missions in contributing to domestic and international peace security and stability	Good governance Canadian identity and influence in a global community
ECONOMIC AFFAIRS			
• Income security and employment for Canadians	□		
• An innovative and knowledge based economy	□		■
• A clean and healthy environment	□		
Social Affairs			
• Healthy Canadians	□		
• Safe and Secure communities	■	■	□
• A diverse society that promotes linguistic duality and social inclusion	□		□
• A vibrant Canadian culture and heritage			■
International Affairs			
• A safe and secure world through international cooperation	□	■	■
• Global poverty reduction through sustainable development		□	
• A strong and mutually beneficial North American partnership	■	■	■
• A prosperous Canada through global commerce	□		
Government Affairs			□

Legend ■ = Primary □ = Secondary

Source: Vice-Chief of the Defence Staff Group

PAA chart

Department of National Defence - Program Activity Architecture (PAA)



Mission Statement: To defend Canada and Canadian interests and values while contributing to international peace and security

- **Strategic Outcome:** Canadians' Confidence that DND/CF has relevant & credible capacity to meet Defence & Security commitments
  - **Program Activity:** Generate & Sustain Integrated Forces
    - **Program Sub-Activity:** Generate and Sustain forces capable of maritime effects
      - Operational Units 1.1.1
      - Deployable Support 1.1.2
      - Recruitment & Training 1.1.3
      - Fixed Support 1.1.4
      - Capital Equipment 1.1.5
    - **Program Sub-Activity:** Generate and Sustain forces capable of land effects
      - Operational Units 1.2.1
      - Deployable Support 1.2.2
      - Recruitment & Training 1.2.3
      - Fixed Support 1.2.4
      - Capital Equipment 1.2.5
    - **Program Sub-Activity:** Generate and Sustain forces capable of aerospace effects
      - Operational Units 1.3.1
      - Deployable Support 1.3.2
      - Recruitment & Training 1.3.3
      - Fixed Support 1.3.4
      - Capital Equipment 1.3.5
    - **Program Sub-Activity:** Joint, national, unified, and Special Operations forces
      - Operational Units 1.4.1
      - Deployable Support 1.4.2
      - Recruitment & Training 1.4.3
      - Fixed Support 1.4.4
      - Capital Equipment 1.4.5
- **Strategic Outcome:** Success in assigned missions in contributing to domestic and international peace, security and stability
  - **Program Activity:** Conduct Operations
    - **Program Sub-Activity:** Constant Situational Awareness
      - Conduct Intelligence, Surveillance & Reconnaissance (ISR) Ops 2.1.1
      - ISR Support 2.1.2
    - **Program Sub-Activity:** Domestic and Continental Operations
      - Conduct Contingency Operations 2.2.1
      - Employ High-Readiness Forces 2.2.2
      - Conduct Ongoing Ops and Services to Canadians 2.2.3
    - **Program Sub-Activity:** International Operations
      - Conduct Contingency Operations 2.3.1
      - Employ High-Readiness Forces 2.3.2
- **Strategic Outcome:** Good governance, Canadian identity and influence, in a global community
  - **Program Activity:** Contribute to Canada and the international community
    - **Program Sub-Activity:** Provide Advice to Government of Canada
      - Defence & Security Policy Advice 3.1.1
      - Military Advice 3.1.2
    - **Program Sub-Activity:** Contribute to Canadian Government and Society in accordance with Canadian Interests and Values
      - Support to GoC Programs 3.2.1
      - Contribute to Canadian Economy and Innovation 3.2.2
      - Contribute to Canadian Identity 3.2.3
      - Contribute to Youth and Education 3.2.4
    - **Program Sub-Activity:** Contribute to the International community in accordance with Canadian Interests and Values
      - Meeting commitments to international organizations/ exchange programs 3.3.1
      - Advisory and training support to other nations 3.3.2

Internal Services
(Proportionally allocated across the Activities)

FMAS Cost Centres - Level One Organizations

DDSM5 - 27 Feb 08

Departmental Performance

Summary of Overall Performance

In fiscal year 2007-2008, National Defence continued to fully meet its domestic and international security commitments. National Defence contributed to the defence of Canada by providing personnel and equipment in support of the national Search and Rescue (SAR) mandate, North American Aerospace Defence Command (NORAD), coastal and Arctic patrols and disaster relief preparedness. Defence also continued to make significant contributions to key multilateral organizations, including support to United Nations peace support missions in various parts of the world. Canada renewed its commitment to the North Atlantic Treaty Organization (NATO) mission in Afghanistan until 2011 and Defence also sought greater engagement in Africa and Asia-Pacific by working with partner organizations such as the African Union (AU) and the Association of South East Asian Nations (ASEAN) Regional Forum. National Defence also worked to organize the VIII Conference of Defence Ministers of the Americas, which took place in September 2008, and continued to strengthen relationships with key hemispheric partners to better meet security challenges in this area, consistent with the Government's Americas Strategy.

Overall, the CF succeeded in the aspects of its business, from the generation and sustainment of integrated forces, to the conduct of its operations both at home and abroad. Due to stable and predictable long-term funding afforded by the *Canada First* Defence Strategy (CFDS) and the ongoing acquisition and upgrades of capital equipment, the future for National Defence is looking positive.

Total Financial Resources

2007-2008			
($ Thousands)	**Planned Spending**	**Total Authorities**	**Actual Spending**
Departmental Spending[1]	17,845,445	18,778,156	17,524,049
Capital Spending[2]	3,908,616	3,964,010	3,203,648

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Notes:

1. Budgetary funding from Budgets '05 and '06 has allowed the Department, in a short period of time, to make significant investments in its Capital program. Notwithstanding the progress to date, the long lead times necessary for the acquisition of major capital equipment and associated capacity / resource demands presented challenges in FY 07-08 with consuming the Department's full spending authority. A re-profiling of Defence Program resources has been done to ensure the funding supply is aligned with the demand of the Major Combat Fleet Replacement projects, as they continue to move forward.
2. The total departmental capital spending lapse for FY 07-08 is $760 million (including statutory amounts). This figure includes frozen allotments for the Maritime Helicopter Project of $312 million, Airlift Capability Project - Tactical of $68.5 million, and Medium- to Heavy-Lift Helicopter Project of $26.8 million, Re-profiling of Previously Approved Budgetary Resources (accrual basis capital projects) of $208.6 million, and Re-profiling of Unused Capital Funding

of $56.9 million. Also, the department can carry forward into FY 08-09 an operating budget carry-forward of $77.9 million and unused accrual basis funding of $9.5 million.

Influences on Departmental Performance

While National Defence continued to deliver on its domestic and international commitments, the Department faced a number of challenges and opportunities, which influenced its performance during fiscal year 2007-2008. These include the management of an increase in defence funding while balancing the need to meet the requirements of expenditure review, ongoing challenges related to military and civilian personnel recruitment and retention, and the need to align National Defence Headquarters functions and processes including the Government mandated Management Accountability Framework (MAF), Program Activity Architecture (PAA) and the Report on Plans and Priorities (RPP) and Departmental Performance Report (DPR).

In fiscal year 2007-2008, a combination of significant Budgetary funding and the abeyance of the Department's Procurement Reform Levy for 2007-2008 led to a situation whereby the organization was not able to fully plan and spend the additional funding. By the end of fiscal year 2007-2008, despite Departmental expenditure increases of over 11 percent from the previous year, the capacity was not there to fully absorb the additional funding and the result was a funding lapse of approximately $300M (1.6 percent of the total budget). Through the development of an Investment Plan, the Department will aim to address these issues to ensure value for money and sound stewardship in government program delivery through effective investment planning.

Program Activities by Strategic Outcome

	Expected Results	**Performance Status** [1]	**2007-2008**		**Contributes to the following priority** [2]
			Planned Spending	**Actual Spending**	
Strategic Outcome: Canadians' confidence that DND and the CF have relevant and credible capacity to meet defence and security commitments.					
Generate and sustain relevant, responsive and effective combat-capable integrated forces	Relevant, responsive, and effective combat-capable integrated forces	Successfully Met	14,611,027	13,574,751	Priority No. 2 and 4
Strategic Outcome: Success in assigned missions in contributing to domestic and international peace, security and stability.					
Conduct Operations	Conducted operations	Successfully Met	2,286,490	2,912,828	Priority No. 1
Strategic Outcome: Good governance, Canadian identity and influence in a global community.					
Contribute to Canadian Government, society and the international community	Effective contribution to Canadian Government, society and the international community	Successfully Met	947,928	1,036,470	Priority No. 3 and 4

Source: Vice-Chief of the Defence Staff Group

Notes:

1. Defence's PAA performance measures are still in development.
2. The Defence priorities are described below.

Departmental (Corporate) Priorities

Name	Type	Performance Status
1. Conduct Operations	Ongoing	Successfully Met
2. Grow the Regular and Reserve Forces to meet international and domestic commitments	Ongoing	Not Met
3. Implement the Government's *Canada First* Defence Strategy	New	Successfully Met
4. Enhance program delivery and optimize resource utilization	Ongoing	Successfully Met

Source: Vice-Chief of the Defence Staff Group

1. Conduct Operations – Successfully Met

The mission in Afghanistan continued to achieve further progress in establishing security and reconstruction in Kandahar province, training and mentoring Afghanistan's National Forces and National Police, as well as supporting the Government of Afghanistan in developing key strategies, policies and plans to strengthen national institutions and enhance governance.

A number of other operations were conducted, at home and overseas, ranging from assisting in responding to disasters and providing humanitarian relief; to contributing to UN observing and peacekeeping mandates; to taking part in NATO led operations and exercises.

For further information, refer to the section: Conduct Operations.

2. Grow the Regular and Reserve Forces to meet international and domestic commitments – Not Met

Trained Effective Establishment (TEE), which represents the number of military positions required, grew by 1,413 positions. Net Growth for the year (recruiting minus attrition) was only 628 personnel.

There are at least 31 Military Occupations (with a working force of at least 200 personnel) that remain critically under strength.

For further information, refer to the section: Expansion of the Canadian Forces.

3. Implement the Government's Canada First Defence Strategy – Successfully Met

Defence has begun to implement initiatives identified in the 20-year *Canada First* Defence Strategy (CFDS) further to Budget 2006 which allocated $5.3 billion over five years to rebuild the Canadian Forces, and in June 2006, with a further announcement of over $17 billion for new equipment. The Government also announced more than $7 billion in spending for initiatives in the Arctic, a key part of the CFDS.

For further information, refer to the section: *Canada First* Defence Strategy.

4. Enhance program delivery and optimize resource utilization – Successfully Met

In 2007-2008, Defence began work on a long-term Investment Plan to effectively deliver an affordable and sustainable implementation of the CFDS that is supported by stable long-term funding.

With the introduction of Integrated Risk Management, strategic level governance bodies were directed to integrate risk management into their proceedings to allow for more informed decision making. In addition, with the subsequent development of the Corporate Risk Profile (March 2008), all directorates were required to submit their annual business plans with a risk assessment.

In January 2008, the Realty Asset Strategy (RAS) and the National Portfolio Management Plan (NPMP) were promulgated in order to help ensure effective stewardship over the Department's Realty Assets.

For further information, refer to section: Accrual Budgeting – Optimal Use of Resources.

Human Resources

	2007-2008		
	Planned	**Actual**	**Difference**
Military (Regular Force)	65,537	64,403	(1,134)
Civilian	25,000	25,966	966
Total	**90,537**	**90,369**	**(168)**

Sources: Vice-Chief of the Defence Staff Group, Chief of Military Personnel Group and Assistant Deputy Minister – Human Resources (Civilian) Group

Notes:

1. Actual 2007-2008 Military Regular Force Strength as of 31 Mar 2008 ADM(IM) Director Human Resources Information Management (DHRIM) Monthly Strength Report. Regular Force Strength Planned and Actual columns do not include primary reservists (annual monthly paid average) employed on Class C status in support of conduct operations. Class C reservists are Primary Reserve members being employed full-time but with the equivalent pay, benefits and liability as Regular Force members.
2. ADM(HR-Civ) is the source for Civilian Full Time Equivalent (FTE) statistics.

Expansion of the Canadian Forces

Prior to the *Canada First* Defence Strategy, released in June 2008, the 2007-2008 fiscal framework limited CF expansion to 68,000 Regular Force and 26,000 Primary Reserve average paid strength by fiscal year 2011-2012. As part of the CFDS, the Government committed to expand the Canadian Forces to 70,000 Regular and 30,000 Reserve Force personnel.

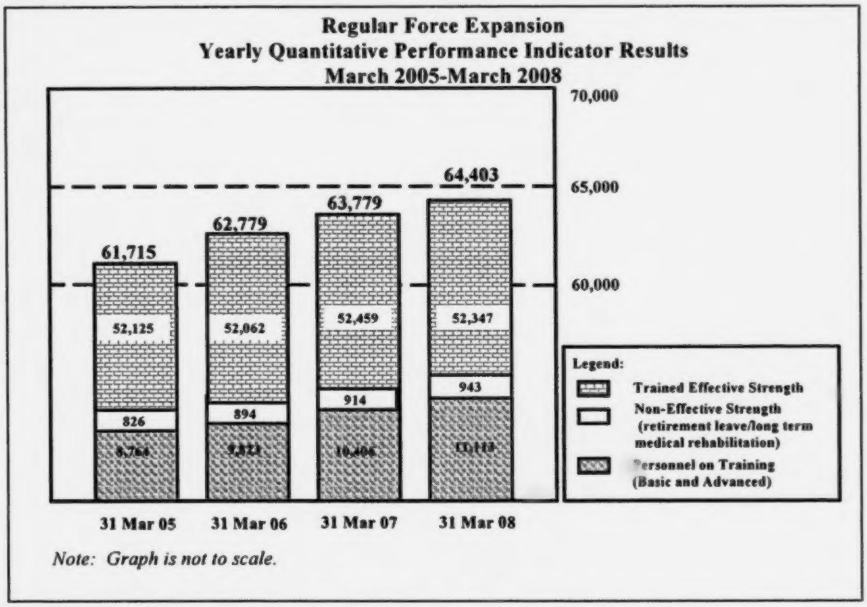
The civilian workforce is planned and managed through a salary and wage envelope which approximates a full-time equivalent (FTE) personnel strength of 25,000. High operational tempo, CF transformation and expansion have placed significant demands on the constraints in place.

Regular Force

Although the Department was very close to meeting their overall recruiting target for fiscal 2007-2008, attrition, at 9 percent, exceeded projections and CF strength consequently did not increase as expected. In summary, 21 out of 68 targeted occupations achieved growth and 47 lost more personnel than were recruited. Approximately one-third of 624 net personnel growth was in the Infantry occupation. Retention and recruiting efforts achieved encouraging progress with the medical officer occupation and various technical occupations.

Figure 1 depicts Regular Force strength growth from 31 March 2005, the start of expansion. While strength has increased by approximately 2,700, trained effective strength[3] personnel numbers have remained largely static. The reason for this is two-fold. First, most new recruits are currently in the training system. Depending on entry program and military occupation, they are expected to reach trained strength status and be fully employable within two to five years. Secondly, while it was expected that attrition would increase during a period of expansion (as attrition in the untrained category is higher than average), attrition exceeded projections.

FIGURE 1: 2007–2008 REGULAR FORCE EXPANSION — STRENGTH REPORT



Note: *Graph is not to scale.*

Source: Vice-Chief of the Defence Staff Group

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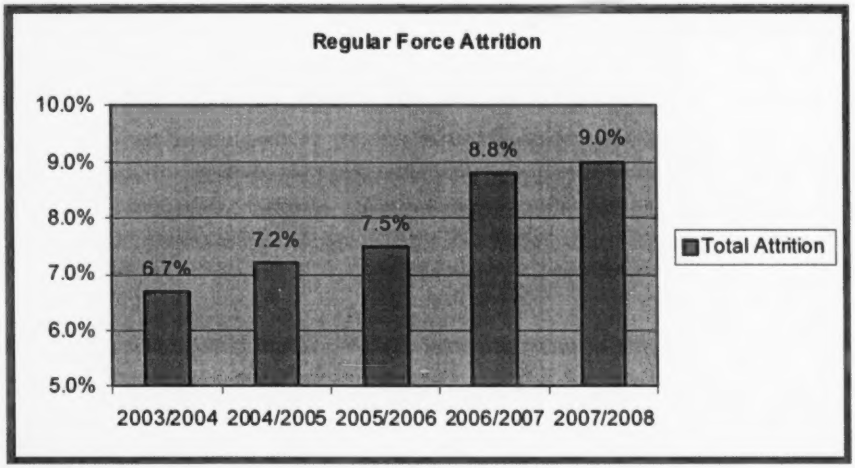
[3] 'Trained effective strength' refers to the number of personnel trained to an employable standard for their occupation.

Data Source: ADM(IM)/Director Human Resource Information Management (DHRIM) monthly reports

Note: The timing of data extracts may cause data to vary slightly from CMP/Production, Attrition, Recruiting, Retention and Analysis (PARRA) report numbers], DPR reports.

FIGURE 2: REGULAR FORCE ATTRITION TREND



Source: Vice-Chief of the Defence Staff Group

The Department is actively developing a CF retention strategy and action plan to deal with the unexpected attrition increase. Should attrition continue at the elevated levels seen in fiscal years 2006-2007 and 2007-2008, this will continue to limit the ability of the CF to achieve its in year expansion trained personnel goals. Further, every one percent rise in total attrition translates into approximately 1,000 less trained effective personnel available to fill functional positions.

Reserve Force

Figure 3 compares total strength and paid strength in the Reserve Force and shows the growth achieved during fiscal 2007-2008. The Reserve Force interim target of a paid strength of 26,000 by March 31, 2008 was largely achieved. Sustainment of Joint Task Force Afghanistan required an increase in the number of Reservists employed on Class C[4] contracts during the reporting period. Most of the growth in Total Strength occurred in the Army Reserve.

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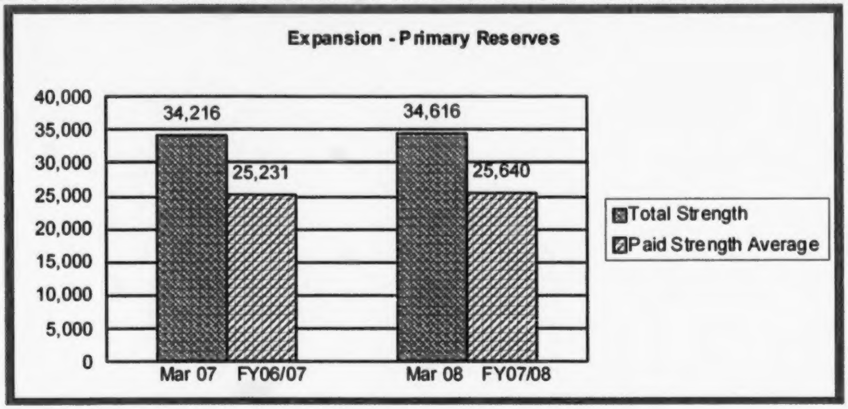
[4] Class C reservists are Primary Reserve members who are employed full-time with the equivalent pay, benefits and liability as Regular Force members.

FIGURE 3: FISCAL 2007-2008 RESERVE FORCE EXPANSION- ANNUAL STRENGTH REPORT



Source: Vice-Chief of the Defence Staff Group

Data Source: ADM(Fin CS) Revised Pay System for the Reserves (RPSR) monthly records as of April 2008 and ADM(IM)/DHRIM 31 March 2008 monthly report.

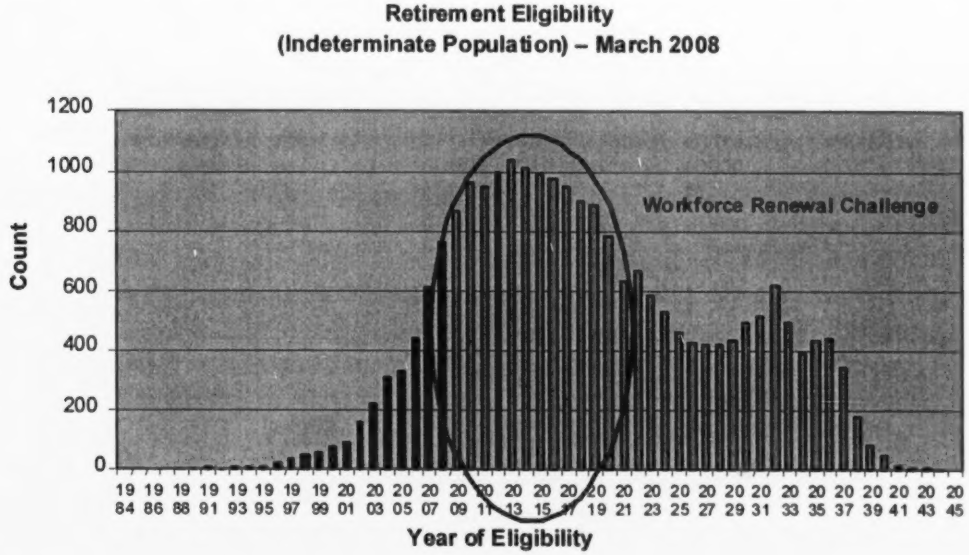
Notes:

1. The Total Strength figure is calculated from Primary Reserve pay records and the ADM(IM)/DHRIM 31 March 2008 monthly report.
2. Paid Strength is an annual monthly average derived from monthly pay statistics that include personnel on Class C status.

Civilian Workforce

As of March 31, 2008, the civilian workforce was 25,966 FTE personnel strength, close to the SWE equivalent of one thousand FTEs over the sustainable limit. Some programmes and initiatives, such as the apprenticeship programme and the requirement for a short-term surge in project management personnel and support to deployed operations, will continue to push civilian numbers temporarily over the 25,000 FTE SWE equivalent limit. Notwithstanding, it is forecasted that the Department will be challenged to recruit and retain sufficient talented workers as the number of individuals eligible for retirement increases in the years to come (see graph below). Committed to supporting Public Service Renewal priorities, detailed later on in this report, the Department is currently developing investment opportunity options to continue to hire above the 25,000 FTE for the next five years as a temporary risk-mitigation measure to ensure the workforce is sustained at the maximum possible level in the longer-term.

FIGURE 4: CIVILIAN WORKFORCE RETIREMENT ELIGIBLITY FORECAST


Retirement Eligibility
(Indeterminate Population) – March 2008

Source: Assistant Deputy Minister (Human Resources – Civilian)

Canada First Defence Strategy

The Government has committed to rebuild the CF into a first-class, modern military. Budget 2006 allocated $5.3 billion over five years to begin this process. In June 2006, the Government announced over $17 billion in new equipment for the CF – including Joint Support Ships, strategic and tactical aircraft, medium-weight trucks and medium- to heavy-lift helicopters. Significant progress on these projects has already been realized, including the delivery of four CC-177 Globemaster III strategic lift aircraft and a signed contract for seventeen CC-130J Hercules tactical lift aircraft.

The Government has also made the Arctic a key piece of its *Canada First* Defence Strategy and over the last year has announced more than $7 billion in spending to increase CF capabilities in the Arctic, including Arctic/Offshore Patrol Ships, a deepwater berthing and refuelling facility in Nanisivik, the expansion of the size and capabilities of the Canadian Rangers, and the creation of an Arctic Training Centre in Resolute Bay.

Within the context of the CFDS, Budget 2008 provided a commitment to long-term stable defence funding over a 20-year period by raising the annual rate of increase to the Defence budget to 2 percent from the present 1.5 percent beginning in fiscal year 2011-2012. As noted in the Budget, this extra half percent increase represents a commitment of an additional $12 billion over 20 years. Predictable funding will allow the CF to deliver a detailed Investment Plan for the next 10 years, with a focus on the 20-year horizon. This will provide a level of certainty and coherence to the force development process that was not previously possible.

Defence Plan

The Department continued development work on the Defence Plan with the goal of achieving linkages between policy, available resources, the Program Activity Architecture (PAA) and major strategic investments. A key initiative during fiscal year 2007-2008 was work conducted in preparation for an Investment Plan. These activities have helped the Department to achieve the initial requirement for a long-term, holistic view of the funding resources available as compared to the requirements for major investments in personnel, operations and readiness, infrastructure and approved/planned capabilities. Once completed, the Investment Plan will identify in more detailed terms the planned implementation of the *Canada First* Defence Strategy.

Impact of Resources on Operations

The challenge of generating and sustaining high readiness forces to prepare, deploy and execute missions effectively will not diminish. Defence identified and allocated sufficient funding to meet all the demands of deployed forces and national support to those operations. Centrally provided funds were clearly identified and allocated to the respective operations accounts, which were then further supported by the provision of sufficient additional funding to meet increases in forecasted demands. Longer-term sustainability of the Department was not affected as sufficient funds were identified as surplus to in-year requirements during the quarterly review process and re-allocated to meet all operational demands. It is expected that this positive outlook will continue with the Government's CFDS commitment to separately fund the incremental costs of major operations.

Expenditure Management Review

The Department fully complied with the Expenditure Review Committee (ERC) program efficiency targets for fiscal year 2007-2008. This marked the third year of ERC reductions, as Defence proceeded toward the final steady-state reductions in fiscal year 2009-2010. The fiscal year 2007-2008 targets represented an incremental increase over the fiscal year 2006-2007 targets, amounting to a total reduction of $101.3M from the reference levels.

The ERC reductions have continued to reduce the flexibility of the Department to fund new sustainment activities or improvements to the sustainability of the current program. A significant portion of the targeted program efficiencies was originally attributed to programs that were scheduled for reduction or offset by new capabilities. As a result of subsequent Transformation initiatives, operational imperatives and capital acquisition delays, the Department's resource managers have had to apply a portion of new sustainment funding and/or re-allocate existing funding to sustain some of these activities.

The specific efficiencies to date have been assigned as follows:

($ Millions)	2007-2008	2009-2010
		(Steady-State)
Program Efficiencies / Reductions		
Operations and Maintenance and National Procurement Support to Air Assets	$25.0	$53.0
Canadian Parachute Centre	$3.0	$7.0
Light Armour Vehicles	$7.0	$7.0
Non-military Vehicles	$7.0	$7.0
Total	**$42.0**	**$74.0**
Corporate Efficiencies / Reductions		
National Capital Region – Staff, Operations and Maintenance	$42.3	$52.4
Materiel Acquisition and Support Optimization Project (MASOP)	$20.0	$20.0
Support for IM/IT Corporate Information Systems	$11.0	$29.0
Research and Development (R&D)	$15.0	$15.0
General and Administrative Support	$13.0	$13.0
Total	**$101.3**	**$129.4**
Target	**$101.0**	**$129.0**
Total ERC Target	**$143.0**	**$203.0**

Source: Vice-Chief of the Defence Staff Group

Summary of Departmental Performance by Program Activity

Generate and Sustain Relevant, Responsive, Effective, Combat-Capable Integrated Forces

In fiscal year 2007-2008, the CF sustained the high operational tempo for both planned and contingency operations at appropriate readiness levels and generated surge forces to meet unanticipated requirements. A contributing factor in meeting the challenges of sustaining the high operational tempo was the provision of CF training in support of all operations directed by the Government of Canada. CF collective training and exercises were vital to the generation of operational forces in that members of the CF were well trained and prepared for specific missions. Funding was provided from a special account called the Collective Training and Exercise Account, which is earmarked specifically to foster the generation and maintenance of CF joint, interagency, and combined operations capabilities through collective training and exercises.

During fiscal year 2007-2008, Defence improved the efficiency of military procurement and responded effectively and efficiently to the evolving military and security threats and requirements.

Conduct Operations

The Canadian Forces conducted a wide range of operations in fiscal year 2007-2008 to defend Canada and protect Canadians. Key domestic and continental activities included helping to exercise Canadian sovereignty in the Arctic through a series of extensive patrols during Operation NUNALIVUT, and supporting other government departments and agencies working in the North through Operation NARWHAL. CF personnel also cooperated continuously with US counterparts to monitor and defend North America's air and sea approaches, and responded to thousands of search-and-rescue incidents along with the Canadian Coast Guard and other partners. Finally, the CF provided support for major events, such as assisting the RCMP in providing security for the North American Leaders' Summit in Montebello, Québec.

The Canadian Forces also continued to contribute to international peace and security. The mission in Afghanistan remained the CF's largest overseas operation last year. Together with civilian advisers from the Department and other government departments and agencies, the CF continued to support the Government of Afghanistan in developing key strategies, policies and plans to strengthen national institutions and enhance governance. Military personnel played key roles in security and reconstruction efforts in Kandahar province, and provided training and mentoring to the Afghan National Army and National Police. The Government of Canada's extension of the mission to 2011 signifies the progress achieved to date and its confidence that continued progress on the whole-of-government policy priorities will be achieved.

Beyond Afghanistan, Canadian Forces personnel were also engaged in naval antiterrorism activities in the Persian Gulf and Arabian Sea. They took part in multinational peace support and observer missions in Sudan, the Democratic Republic of Congo, Bosnia-Herzegovina, and around the Middle East. The CF also remained prepared to assist in the response to natural disasters around the globe, as demonstrated by the use of a CC-177 aircraft to deliver relief supplies to Jamaica after Hurricane Dean in August 2007.

Contribute to Canadian Government and Society, and the International Community, in Accordance with Canadian Interests and Values

Defence provided advice to the Government of Canada on a wide range of security and defence issues. Defence Research and Development Canada worked with partners in the public and private sectors to develop innovative solutions to technical challenges such as countering the threat of improvised explosive devices. The Canadian Cadet and Junior Canadian Ranger programs gave young Canadians the opportunity to develop their skills and confidence as leaders and team members. As one of the country's largest employers, National Defence generated economic activity in communities across Canada, and strove to provide a model work environment. Finally, Defence promoted Canada's interests and reflected its values globally through cooperation with international partners on defence, security, industrial, and scientific issues.

Section II: Analysis of Program Activities by Strategic Outcome

Canadians' confidence that DND and the CF have relevant and credible capacity to meet defence and security commitments

Defence was able to successfully execute its mission by defending Canada and Canadian interests and values while contributing to peace and security at home and abroad. Having passed through a year of operational complexities and global uncertainties, Defence maintained a perspective of sustaining and generating integrated, relevant, responsive and effective combat-capable forces. Canadians continue to have confidence that Defence is adapting to remain relevant through a credible and effective capacity in meeting defence and security commitments.

> Relatively unchanged from June 2007, a majority of Canadians (56 per cent) express "moderate confidence" in the Canadian Forces' ability to bring stability to Afghanistan. Interestingly, Canadians are more than twice as likely to express "high confidence" on this indicator as "low confidence" (31 per cent vs. 12 per cent).
>
> (Ekos' Security Monitor, April 2008)

The following highlights Defence's accomplishments in the "Generate and Sustain Relevant, Responsive, Effective, Combat-Capable Integrated Forces" program activity for fiscal year 2007-2008.

Program Activity: Generate and Sustain Relevant, Responsive, Effective, Combat-Capable Integrated Forces

Ensuring the long-term operational success of the CF requires an understanding of the future security environment and the conditions in which the military will be required to operate – both at home in support of domestic requirements and overseas in support of international operations.

Defence has fully embraced Capability Based Planning and Capability Management as the best means to bring greater coherence to long-term force development efforts. Within Defence, multi-disciplinary teams continued their analysis of the future security environment while others studied and began the detailed work to describe the operating concepts likely to be used by the CF over the next twenty-years.

Also, in fiscal year 2007-2008, the Canadian Operational Support Command (CANOSCOM) built on earlier research and initiated an examination on the advantages and disadvantages of establishing permanent operational support distribution hubs in key locations around the globe that would allow the CF to extend its strategic reach. An initial study report was completed in June 2008 and is now being reviewed. Work has also begun to examine the sustainability of military operational support occupations engaged in Task Force Afghanistan.

Although the high operational tempo continued last year and the focus remained on operations in Afghanistan and in Canada, the CF Transformation continued as planned.

The CF Transformation goal of separating the strategic and operational level of headquarters and command was achieved, thereby enhancing Defence's capacity to meet defence and security commitments. In addition, new capabilities were introduced and new units such as the Air Expeditionary Wing in Bagotville were announced.

Canadians have continued to demonstrate appreciation and respect for CF efforts at home and abroad, and to express confidence in the CF's ability to protect Canada and Canadian interests.

Resources Consumed

Financial Resources

2007-2008			
($ Thousands)	**Planned Spending**	**Total Authorities**	**Actual Spending**
Departmental Spending	14,611,027	15,355,776	13,574,751
Capital Spending	3,685,877	3,719,441	2,814,708

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Note: The total authority column is the department's internal breakdown of the approved votes into the PAA reporting categories. It does not represent the voted authorities approved by Parliament.

Generate and sustain integrated operational forces capable of maritime effects

Defence continued to deliver maritime security at home and abroad and to promote and defend Canada's interests abroad through the projection of influence and power from the sea. The navy continued to deliver on currently assigned capabilities, missions and tasks.

The navy made important strides in the whole-of-government approach to domestic operations, most notably in its contributions to Op NANOOK and the continuing development of Marine Security Operations Centres. Moreover, Maritime Forces Pacific (MARPAC) oversaw Op PONTOON, the largest domestic contingency planning effort since Transformation was launched, and gained experience that is already paying dividends as Joint Task Force Games is stood up in preparation for the 2010 Winter Olympics.

Behind these deployments and activities was the tremendous work accomplished by the two fleets in building the skill sets and experience needed for the complex work of navies at sea, in exercises from NOBLE MARINER in the Norwegian Sea and TRIDENT FURY in our Pacific approaches, to Op NANOOK in our own High North.

Generate and sustain integrated operational forces capable of land effects

Defence generated combat effective, multipurpose land forces that met Canada's Defence objectives, responded to conventional and asymmetric threats both in Canada and abroad and continued to be a key contributor to the NATO operations in Afghanistan.

During the reporting year, Land Force Command (LFC) contributed an average of 2,300 soldiers to each rotation of the Joint Task Force Afghanistan (JTF-AFG) mission, playing a vital role on the international scene by leading the NATO Joint Task Force into southern Afghanistan in an UN-mandated mission conducted at the request of the Afghan government. This mission was conducted primarily by land forces, augmented by naval and air force members through the semi-annual generation of high readiness task forces.

This exceptional LFC resource commitment to the mission involved approximately 13,800 soldiers in various stages of preparation, deployment and repatriation. JTF-AFG represented a consolidation of LFC's ability to project forces in two separate and distinct theatres. In addition to the Regular force, LFC could not have achieved its goals without the Reserve Force's contribution of 20 percent to the overall JTF - AFG mission.

The chart below demonstrates a basic force generation cycle.

Member commitments over the fiscal years

Activity	2006-2007 (2nd Half)	2007-2008 (1st Half)	2007-2008 (2nd Half)	2008-2009 (1st Half)
Future rotation in preparation training	2,100	2,300	2,300	*Projected Force Requirement*
Next rotation in high readiness training	2,100	2,300	2,300	
In place forces in Afghanistan	2,100	2,300	2,300	
Sub-Total	**6,300**	**6,900**	**6,900**	**6,900**
Total		**13,800**		

Source: Chief of the Land Staff Group

Consistent with the present CF expansion, LFC aggressively pursued expansion goals in order to improve its force-generation base, making it more capable of producing highly qualified and combat effective soldiers. While the Regular Forces achieved a trained effective strength of 20,266 soldiers (based on an establishment of 21,193) this infusion of members at the basic entry level does not mitigate the current shortfall in the leadership cadre, notably at the Master Corporal to Warrant Officer and Captain to Major's rank. This is in addition to the 19 trades managed by LFC of which 12 are currently stressed and another four tending towards being stressed. LFC, in conjunction with Chief of Military Personnel (CMP), is developing a long-term plan that will start reducing the number of stressed trades by fiscal year 2012-2013.

The LFC Primary Reserve force reached its expansion target of an average paid strength of 17,300. Overall reserve sustainability remained an issue and the current reliance on full-time Reserve augmentation to deployed operations and day-to-day activities in the LFC and CF have stressed Reserve units, with over 40 percent of leaders at key ranks of

Captain to Major, and Master Corporal through Master Warrant Officer inclusive on full-time service.

LFC serves as the CF Centre of Excellence for both operational and tactical land-centric concepts, doctrine, and capabilities, continuing to shape force development in support of CF operations. LFC must therefore be innovative in meeting the challenges and demands for training. An example is the Training Capacity Enhancement Project, which used civilian instructors for specific training requirements, freeing up military members for operations.

Furthermore, utilizing the Army Learning Process, which has embedded a culture of active learning across the army, LFC ensured that institutional changes were being made based on significant observations and recommendations from operations.

LFC's pursuit of critical force protection initiatives, developed specifically for the war in Afghanistan, will position LFC's capabilities well into the future. For example, a significant challenge to the CF in Afghanistan is the insurgent use of improvised explosive devices (IEDs). To respond to this challenge, the CF has initiated the following:

- The establishment of the Counter IED (C-IED) Task Force and subsequent Centres of Excellence.
- The integration of C-IED into the pre-deployment training cycle.
- The Mounted Soldier Survivability Program, which provides protection enhancements for both vehicles and soldiers.
- The delivery of C-IED oriented projects to provide adequate protection to deployed troops.
- C-IED Project 1112 to deliver a capability that allows soldiers to detect IEDs from a safe distance.

A result of the foregoing is better training for all soldiers. It is to note that these initiatives are still in their infancy and the associated metrics, thus, not fully developed. The goals for the upcoming reporting cycle are to mature that process in order to identify concrete results.

Generate and sustain integrated operational forces capable of aerospace effects

The mission of the air force continues to be the generation and delivery of aerospace power to the CF. Air force members are central to the ongoing generation and employment of effective aerospace forces to support CF operations. Over the past year, the air force has worked closely with the CF recruiters to attract and identify applicants with applicable previous work and learning experience. In addition, a small team comprising an air force officer and a senior non-commissioned member is available to facilitate the re-enrolment of former service members and the component transfer of serving members between the Reserve and the Regular Force. The effect of this prior learning assessment and enrolment assistance is to increase trained strength without placing additional demand on the training organizations. Over 30 officers and other ranks in 11 occupations have been re-enrolled in the past year.

The air force sponsored the development of personnel management tools that more accurately predict personnel requirements over the short to long terms and assist the development of specific production plans for each occupation. To date, two such plans have been produced, for the Pilot occupation and the Aircraft Technician Occupations. The pilot production plan will generate staged production increases from 90 pilots per year currently to 105 in 2009 and to 125 a year starting in 2011. Work was also undertaken to expand the pool of suitable applicants by the creation of precise anthropometric, or body measurement standards for aircrew; to optimize the course structure by streaming students by aircraft type, and by increased recognition of previous civilian flying experience.

Over the past year, the air force continued to train aircrew and maintenance personnel to provide aerospace power capability. The Aircraft Technician Training Renewal project, with an investment of approximately $32 million, plus temporary full-time employment of 44 air reservists, has shown remarkable success with an increased throughput of 50 percent, and a reduction in training time by 42 percent. The result is that the new aircraft technician of today is better qualified and available sooner than his predecessor of just two years ago.

The air force continued its transformation to an expeditionary air force. Part of this was the ongoing refinement of the composition of its contribution to deployed operations. In July 2007, the Minister of National Defence announced that 3 Wing Bagotville will become home to 2 Air Expeditionary Wing. The initial subset 2 Air Expeditionary Support Squadron is planned to be in place by 2010. The leading elements of this capability are being phased in progressively, with a small initial cadre scheduled to arrive in the summer of 2008.

The first of Canada's four CC-177 Globemaster III strategic lift aircraft was delivered on August 11, 2007 and less than two weeks later flew to Jamaica to deliver supplies following Hurricane Dean. This capability has provided the air force and the CF with an improved strategic airlift capability for use at home and abroad. The remaining three aircraft were delivered between October 2007 and April 2008. The CF-18 Hornet fighter aircraft has been undergoing phase II of a mid-life upgrade to ensure that the CF will have a modern and interoperable fighter fleet to protect Canada until the next generation fighter aircraft is procured.

The CP-140 Aurora aircraft modernization project, which was contracted to industry, includes new equipment which will augment the Aurora's Intelligence, Surveillance and Reconnaissance (ISR) capability. This upgrade will also improve its performance in anti-submarine warfare and maritime patrol missions. In addition, in December 2007, the Minister announced that 10 CP-140 aircraft would also receive structural upgrades to keep them in service until 2020 by which time, the Government is expected to begin acquiring new Maritime patrol aircraft as detailed in the *Canada First* Defence Strategy.

On January 16, 2008, the Government of Canada awarded a contract to Lockheed Martin Corporation for the purchase of the CF's new tactical lift aircraft – the CC-130J Hercules. Tactical airlift is the lifeline of the CF, providing reliable aircraft to quickly and safely carry passengers, heavy equipment and supplies within theatres of military operations. The air force continued to pursue avenues to acquire a medium to heavy lift helicopter capability and unmanned aerial vehicles (UAVs) for deployment to Afghanistan in early 2009 in accordance with the Independent Panel on Canada's Future Role in Afghanistan's recommendations. As well, efforts continued to develop CH-146 helicopter capabilities for deployment through the Interoperable Griffon Reconnaissance Escort Surveillance System (INGRESS) project.

The air force maintained a capability in the deployment of Air Detachments (formerly known as Tactical Self-Sufficient Units (TSSUs)) that contributed to the appropriate lines of operation. Air force assets including the CC-130 and CC-177 have actively conducted support to deployed operations in Afghanistan. The Air Force remained ready to respond with additional assets for either domestic or deployed operations as required.

Intelligence, Surveillance and Reconnaissance was provided to deployed operations through the *Sperwer* unmanned aerial vehicle (UAV). This capability allows the gathering of intelligence through its reconnaissance and surveillance ability. This is done remotely and removes aircrew from the airborne threat of surface to air fire. The long-term goal of the air force goal is to use both manned and unmanned aircraft to provide very high quality intelligence, surveillance and reconnaissance.

The Canadian Forces Aerospace Warfare Centre, as the doctrinal organization of the air force, continued to work towards its goal of optimizing the employment of aerospace forces in the joint arena. One of the achievements of the past year included expanding its number of subject matter experts in all facets of air force operations. To date, approximately 66 percent of its positions have been established and preliminary work in some areas of its mandate has begun.

Generate and sustain joint national, unified and special operations forces

The Canadian Special Operations Forces Command (CANSOFCOM) is a standing integrated force capable of conducting counter-terrorism operations, maritime counter-terrorism operations and high-value tasks, which include counter-proliferation special reconnaissance, direct action, defence, diplomatic and military assistance and non-combatant evacuation operations.

CANSOFCOM's high-readiness posture and up-to-date global situational awareness, as well as its coordination and integration with key departments, operational commanders and allied forces have enabled it to provide the Government with an array of kinetic[5] and non-kinetic options to respond to threats to Canada or Canadian interests at home and abroad. As a result, the CF was able to provide the Government with constant situational awareness and conduct special operations to respond to a myriad of security issues that in the end allowed for effective resolution of the security concerns.

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[5] The Operational spectrum can be categorized by effects or the nature of operations conducted as either KINETIC or NON-KINETIC. KINETIC refers to deadly use of force (or the whole use of force continuum up to and including deadly force) to achieve tactical objectives; NON-KINETIC is obtaining tactical objectives through non-use of force methods although they may progress into kinetic depending on the situation. Special Operations Forces can operate in either realm.

The importance of institutionalizing a collective and operations based focus to CF Managed Readiness was recognized in early 2007. As a result, the Strategic Joint Staff (SJS) established a Directorate of Strategic Readiness, responsible for developing and maintaining operations based CF Managed Readiness Framework. Work continued to evolve automated readiness monitoring web-based tools and supporting virtual planning systems.

The Canadian Operational Support Command (CANOSCOM) completed the implementation of Operational Support Military Police Group and continued the evolution of the Canadian Forces Protective Service Unit (CFPSU), to deliver close protection to CF personnel, both domestically and deployed, as well as dignitaries visiting Canada. To enable this capability, CANOSCOM was provided an initial allocation of 25 positions to establish the CFPSU. The unit is scheduled to stand-up during summer 2008. The recruiting, selecting and training of close protection operatives remains the responsibility of the VCDS/Canadian Forces Provost Marshal (CFPM).

In October 2007, as part of its initiatives to improve materiel distribution support to CF operations, Defence obtained a strategic sealift vessel on full-time charter for a one-year period, giving the CF assured access to a global shipping resource in a time when the availability of strategic sealift for military purposes is diminishing.

As part of its strategic lift partnership and cost avoidance initiatives, Defence continues to lead a multinational project to optimize the use of intra-theatre airlift resources available to the NATO ISAF mission in the southern region of Afghanistan. This project will continue to reduce some of the significant operational support shortage of airlift for that mission.

Long-Term Strategic Plan for Joint Collective Training

This past year, the Chief of the Defence Staff (CDS) issued strategic guidance and priorities for training. The *Integrated Training Plan Working Group* responded to this guidance with the initial development of the *Integrated Training Plan*. Funding was provided, and the Strategic Joint Staff developed a framework that enhanced the accountability controls within the CF Collective Training cycle. In fiscal year 2007-2008, the Collective Training cycle achieved all of its stated objectives.

Military Human Resources

Force Expansion

The prevailing security environment required the CF to develop and maintain integrated, multi-role, combat-capable defence forces that are increasingly interoperable with allied nations and other security partners. The "joint" approach to operations has become more important as the CF focuses on domestic defence issues including Arctic sovereignty and surveillance, continental defence, and international operations, particularly in the context of failed and failing states.

Expanding the CF remained a national priority and continued to be both an exciting opportunity and constant challenge to military personnel management. Force expansion has had a significant impact on the military personnel management system beginning with the challenges associated with recruitment.

Recruitment

The recruiting system achieved significant efficiencies and continued to improve in fiscal year 2007-2008.

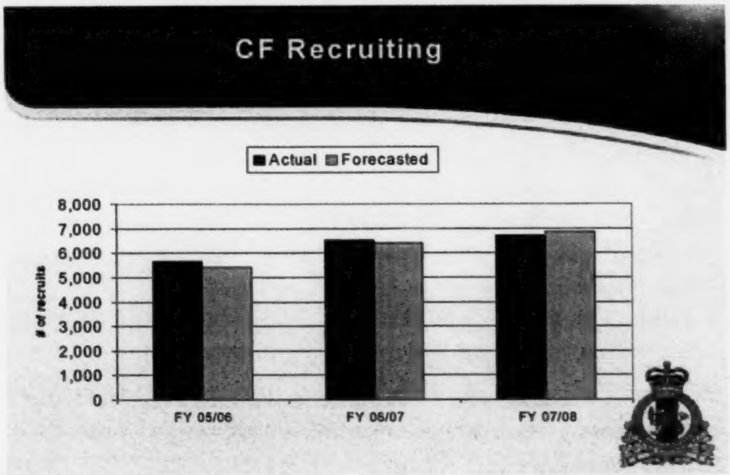
Synchronizing recruiting activities with basic training resulted in basic training courses starting every week and an increase in the number of officer training courses held during the summer, thus marking an improvement from past years. Meanwhile, personnel awaiting training are dispatched to operational units for job training/employment further enhancing their skill sets, increasing their potential to succeed and improving the chances of retention by keeping the recruits active. Defence anticipates that closer synchronization between recruiting, basic training management, and the developmental cycle leading to completion of occupational training will reduce wait times and support the emerging retention strategy.

Accomplishments in fiscal year 2007-2008 included:

- establishing the CF National Recruiting Contact Centre in North Bay;
- establishing a permanent Recruiting Training Centre (RTC) at the CF Training and Development Centre in Borden; and
- implementing the Mobile Recruiting initiative, formerly the "hub and spoke" project, in many parts of Canada. Recruiting teams are now able to take their attraction and some of their processing efforts on the road in an effort to bring recruiting to other areas of the population.

Total enrolments for fiscal year 2007-2008 were 6,716 and total attrition was 6,088. Figure 5 depicts actual versus forecasted CF Recruiting for the past three fiscal years.

FIGURE 5: CF RECRUITING



Source: Chief of Military Personnel Group

Critical Military Occupations

Attraction and recruiting campaigns were adjusted to focus on stressed occupations. While new in implementation, targeted recruiting and retention initiatives have shown results in various technical occupations as well as the Medical Officer occupation.

Recruiting in some 22 CF occupations, such as naval technicians and Military Police, remains problematic. The pool of potential applicants to the CF did not increase in part due to a range of job opportunities available to the people in the pool. The resulting stiff competition for human resources was exacerbated for some occupational groups by the high academic and medical standards required and shortages of certain skill sets in Canadian society. It is anticipated that competition for talent will steadily increase over the long term.

In order to align projected new requirements and intake, strategies were developed including re-sequencing all CF on-line job postings so that the four priority occupations are at the top followed by the remainder of the 24 occupations.

To bring these critical military occupations up to strength, the CF continued to offer an array of entry programs, subsidized education opportunities, signing bonuses, and occupational transfer opportunities for serving members. The number of component transfers between the Reserves and the Regular Force increased and more officer candidates were accepted through the direct-entry program.

The Recruit Fitness Training (RFT) program at the Canadian Forces Leadership and Recruit School was established to provide recruits, who cannot meet the CF fitness standards, an opportunity to improve their level of fitness. The school provides recruits with fitness training, stamina building exercises and nutrition counselling in order to help them achieve the minimum fitness standard and a healthier lifestyle. In the past, CF Recruiting Centers would have screened out these potential recruits and they would have not been enrolled in the CF.

Since November 2006, the RFT program has provided an opportunity for 254 recruits to achieve the fitness standard and become serving CF members. As of March 31, 2008, 42 recruits were enrolled in the program.

Professional Development

The CF Individual Training and Education System (CFITES) needed to both adapt to the recent, additional challenges generated from CF Transformation, Force Expansion, and a continuing high operational tempo, and become 21st Century operationally relevant. Experience has shown that, for CFITES, a "systems approach" to change is essential to avoid merely shifting a problem by improving or providing relief in one part of the system at the expense of overburdening another part. In fiscal year 2007-2008, the CF:

- developed alternative Learning Strategies, to increase CFITES capacity, which resulted in more than 200 CF personnel being enrolled in regular college programmes at five learning institutions;
- instituted new training programs that were particularly relevant to today's and future 21st Century operations including conduct after capture training for military

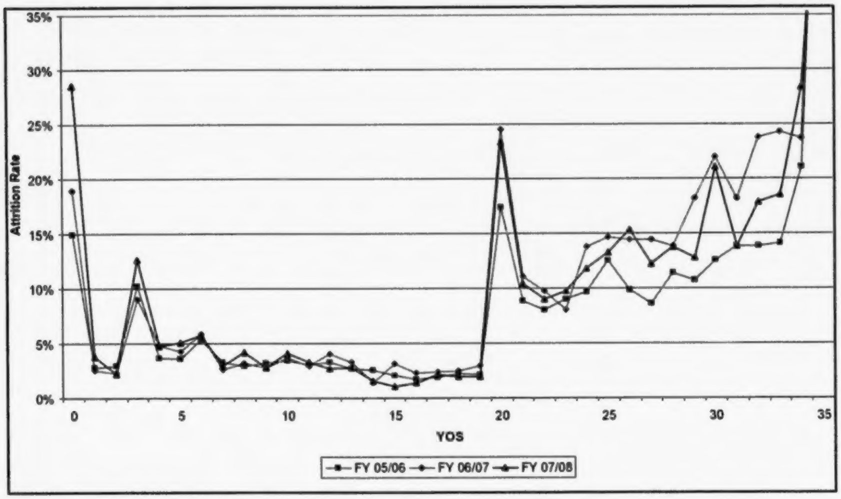
and civilians employed in risk situations, and language training for operations programs;

- granted military credit for civilian training through the CF Military Equivalencies Program; and
- optimized the developmental cycle to improve overall CFITES efficiency and effectiveness.

Attrition

The Regular Force attrition rate for the last fiscal year was 9 percent, which was higher than the 8.3 percent forecasted. Attrition has been higher than anticipated over the last two years and attrition forecasts have been revised to take this into account.

FIGURE 6: REGULAR FORCE ATTRITION RATES BY YEARS OF SERVICE (YOS)



Source: Chief of Military Personnel Group

Most people who leave the CF do so voluntarily, not due to medical release or reaching compulsory retirement age. As depicted in Figure 6, studies indicate that attrition occurs at two points: first, early in the career, before the end of the first year of service, and, secondly, much later, when personnel are eligible for a pension. Research indicates that the main reasons for personnel leaving the CF during the first few years of service include physical fitness, personal and family issues and a poor fit with the occupation they chose to enrol in or with life in the CF.

In terms of longer term attrition, the CF is experiencing a "bubble" of baby boomers who, much like the rest of Canadian society, have become entitled to retirement benefits. This is depicted in Figure 6 as a spike in releases at approximately 20 years of service. Under a detailed and far-ranging retention strategy, the CF is examining ways of promoting a "retention culture" throughout the entire CF. This will ensure that new recruits enter the CF with more realistic early-career expectations, experience a smooth transition into the military lifestyle during basic training and address physical fitness training requirements. For those personnel with more years of service, the strategy will examine means of improving career-life balance, personnel career management and support to military families, among other quality of life issues.

Defence Intelligence

The Canadian Forces School of Military Intelligence undertook plans to expand its capacity in staff and infrastructure to meet increasing training requirements and drafted a Defence Intelligence Training Strategy. A long-term plan has been initiated to construct a completely new facility that will consolidate training into a high security facility and encompass additional resources to meet the training needs of new Intelligence capabilities, such as Motion Imagery Analysis for UAVs.

The development of occupations within the Core Defence Intelligence Career Field has progressed well over the past year. Methodology to assess the contribution of other occupations to the Defence Intelligence sub-function/roles has been developed and is being refined.

The Chief of Defence Intelligence (CDI) engaged a number of key federal departments with respect to interagency intelligence training and education. To provide better-trained intelligence personnel across the Government of Canada and to further foster interagency cooperation, specific options on how to leverage the strengths of intelligence training and education programs of each department were explored.

Reserve Force

The Reserve Force is composed of CF members who are employed primarily on a part-time basis but may volunteer for finite periods of full-time service in Canada or overseas. The Reserve Force has four sub-components: the Primary Reserve; the Supplementary Reserve; the Cadet Instructors Cadre; and the Canadian Rangers.

Primary Reserve

The Primary Reserve structure includes the Naval Reserve, the Army Reserve, the Air Reserve and the Health Services Reserve. As of April 2008, the Communications Reserve was subsumed into the Army Reserve. Some 7,000 reservists are employed on full-time service engaged in performing staff duties in headquarters, schools and units providing valuable service to the CF. In addition, there are approximately 1,500 reservists employed in support of both international and domestic operations.

For additional information on the Reserve Force see Appendix D.

Primary Reserve Full Cost Estimate

The Primary Reserve accounts for 7 percent of the total Defence Services Program. The costs are divided into four categories: direct, indirect, attributed and capital costs. This method of reporting is intended to provide greater clarity on the makeup of the total costs of the Primary Reserve.

Direct expenditures include funds specifically budgeted for the Primary Reserve such as pay, travel and goods and services which are locally procured.

Indirect expenditures reflect the Primary Reserve share of departmental resources, which are controlled centrally. Included are ammunition, equipment operating costs, clothing and the cost of maintaining facilities such as armouries.

Attributed expenditures are departmental overhead costs, which are allocated, for reporting purposes, to all activities including the Primary Reserves. In reality, these costs do not vary directly as a function of activity and would largely be incurred whether the Primary Reserve existed or not.

Capital expenditures are shown for the year in which payments have been made, and do not reflect an amortization of cost over the life of the asset. The capital expenditures can vary significantly from one year to the next, depending on priorities established within the capital equipment plan and the cash flow requirements of individual projects.

TABLE – PRIMARY RESERVE PLANNED EXPENDITURES

($Thousands)	**Actual 2005-2006**	**Actual 2006-2007**	**Planned 2007-2008**	**Actual 2007-2008**
Type of Expenditure				
Reserve Pay [2]	538,570	593,605	540,456	624,212
Regular Support Staff	138,140	125,310	146,178	130,187
Reserve Operating	82,757	92,719	84,440	95,451
Subtotal Direct	**759,467**	**811,634**	**771,074**	**849,850**
Ammunition[3]	17,277	15,317	29,132	15,157
Equipment Usage	64,799	62,570	67,262	57,619
Clothing	12,625	14,899	14,683	15,398
Facility Operating[4]	29,166	28,453	30,376	41,454
Subtotal Indirect	**123,867**	**121,239**	**141,453**	**129,627**
Base Support	191,294	220,131	221,287	221,577
Training	7,853	4,109	8,238	6,334
Subtotal Attributed	**199,147**	**224,240**	**229,525**	**227,910**
Subtotal Primary Reserve Operating	**1,082,481**	**1,157,113**	**1,142,052**	**1,207,387**
Dedicated Capital[5]	18,408	6,024	30,676	897
Shared Capital[6]	58,094	29,923	31,219	11,092
Subtotal Capital	**76,502**	**35,947**	**61,895**	**11,989**
Total Primary Reserve Costs	**1,158,983**	**1,193,060**	**1,203,947**	**1,219,376**

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Notes:

1. Direct pay and operating amounts do not reflect forecasted/planned spending involving members of the Canadian Rangers, the Cadet Instructors Cadre or the Supplementary Reserve sub-components. They do however include the cost of employing Class B Primary Reservists in positions that would normally be occupied by the Regular Force.

2. The increase in Reserve Pay actuals is explained by in-year pressures for support to deployed operations and by recurring spending not yet reflected permanently in the planned spending.

3. The increasing use of reservists to fill Task Force rotations has resulted in the cancellation of many unit and collective training exercises in fiscal year 2007-2008.

4. Actual spending for fiscal year 2007-2008 includes an up-front basic rent payment of $12M for the relocation of the Toronto Scottish Regiments.

5. The decrease in Dedicated Capital actual expenditures is attributable to general rescoping for some projects and a postponement of work at the Seaforth armoury until following the Olympics.

6. The decrease in Shared Capital actual expenditures is mainly attributable to lower than planned spending in this year for the construction of three shared facilities and for the Temperate Combat Boot and Rucksack projects.

Supplementary Reserve

The Supplementary Reserve, composed of personnel with previous military service, was established as a Reserve sub-component capable of providing individual augmentation to Regular Force and other Reserve Force Sub-components. Members of the Supplementary Reserve may serve on a voluntary basis, but are not required to perform military or any other form of duty or training except when on active service. They may augment the Regular Force and other sub-components during normal peacetime situations (with consent) and in the event of an emergency/mobilization, they could be placed on active service (without consent).

Cadet Instructors Cadre

The Cadet Instructors Cadre (CIC) is a sub-component of the Reserve Force, consisting of officers who have undertaken, by the terms of their enrolment, to perform such military duty and training as may be required of them, but whose primary duty is the supervision, administration and training of cadets 12 to 18 years of age. Their mandate is to ensure the safety and welfare of cadets while developing in them characteristics of leadership, citizenship and physical fitness, and stimulating the interest of youth in the sea, land and air activities of the CF.

Canadian Rangers

The Canadian Rangers conducted twelve days of mandated training, contributing to the CF presence in the remote and sparsely settled regions of Canada and in particular:

The 1st Canadian Ranger Patrol Group (1 CRPG) achieved their objective of conducting up to thirty Ranger Sovereignty Patrols during the year in accordance with the Joint Task Force North (JTFN) surveillance plan. This included the highly successful and well-publicized Operation *NUNALIUT* 08, an enhanced sovereignty patrol to Eureka in the High Arctic.

Both 1 and 5 CRPG executed planned North Warning System security patrols in their respective (North and Québec) areas.

There was no growth in the number of Canadian Ranger Patrols during this reporting period. However, the Land Force Command has proposed a five-year expansion plan commencing in fiscal year 2008-2009, which is intended to result in the real growth of both personnel and resources in future years. The Army Training authority is designing a Qualification Standard to support training requirements, in anticipation of the Canadian Rangers' Transfer of Command Authority from the Vice-Chief Defence Staff on December 1st, 2008. The table below reflects the planned and actual strength of the Reserve Force for the last three fiscal years.

Reserve Force Strength

Sub-component	Actual 2005-2006	Actual 2006-2007	Planned 2007-2008	Actual 2007-2008
Primary Reserve	23,902	25,231	24,750	25,640
Supplementary Reserve	35,312	27,734	N/A	28,714
Cadet Instructors Cadre	8,014	7,479	7,500	7,742
Canadian Rangers	4,448	4,266	4,365	4,244
Total	71,676	64,710	36,615	66,340

Source: Vice-Chief of the Defence Staff Group

Data Source: Assistant Deputy Minister (Finance and Corporate Services) Group Revised Pay System for the Reserves (RPSR) monthly report/April 2007 to March 2008. Assistant Deputy Minister (Information Management)/DHRIM Output Product reports.

Note: Primary Reserve actual strength for FY 07-08 is based on average monthly paid strength and includes 1472 Class C members deployed in support of conduct operations. Cadet Instructor, Rangers and Supplementary Reserve actual strength as per DHRIM 31 March 2008 monthly report.

Current Reserve Initiatives

Canadian Forces Liaison Council

Canada has had a Reserve Force Employer Support Program since 1978. It is currently managed by the Canadian Forces Liaison Council (CFLC) an organization comprised of a countrywide network of senior Canadian business and education leaders who volunteer their time and effort to promote the Reserve Force, assisted by a team of military personnel located in every province. The CFLC focused its programs on making reservists available for CF operations. Currently 40 percent of Canada's reservists are students. CFLC initiated an Outreach program that encourages educational institutions to make Reserve Force members, who are students in civilian life, more readily available to participate in military training and operations. As a result, CFLC established a yearly objective of 400 statements and received 422 statements of support, including four from post-secondary education institutions. In addition, eight military leave policies were collected from employers.

Direct Support to Operations

From the military human resources perspective, direct operational support has two components: health services in the form of medical personnel and equipment, and personnel support in the form of morale and welfare programs for the members of deployed units.

Health Service

Shortages of military medical personnel have a direct impact on the ability of the CF to maintain in-theatre care for long periods. Canada is currently responsible for the field hospital at Kandahar Airfield in Afghanistan and sufficient deployable personnel must be generated to sustain the health services elements in Afghanistan in support of CF troops. The Rx 2000 Attraction and Retention Initiative continued its work to close the critical deficiency for medical officers and pharmacists. It is anticipated that medical officers will achieve full strength for active posting season 2009.

Morale and Welfare Program

National Defence provided amenities support consisting of magazines, movies, newspapers and uniquely Canadian products to all deployed missions. Additional support was provided to larger missions, including operating four CF radio and two television stations, deploying ten CF show tours, providing retail services, organizing over 5,000 travel services, for home leave travel, providing fitness and recreation services and barber services in order to maintain and improve the morale and the well-being of soldiers and personnel away from the comforts of home and family.

Defence also coordinated 3,200 Operation *SANTA CLAUS* Christmas parcels for 17 missions around the world.

Personnel and Family Support Services

The CF continued to provide increased support to the families of the injured and fallen by:

- expanding the Occupational Social Injuries Social Support (OSISS) program to include Family Peer Support Coordinators; and
- increasing the awareness of the Military Family Identification Card that is available to the families of fallen and injured military personnel.

Furthermore, the Chief of the Defence Staff created the Military Families Fund in response to an outpouring of support for military families by Canadians.

The National Defence/Veterans Affairs Canada Centre (DND/VAC) provides support services to injured members of the CF, veterans and their families and assists them in obtaining skills to effectively transition to civilian life, while also supporting their families. In fiscal year 2007-2008, the Centre:

- centralized the process for authority of approval and payment of funeral benefits and family travel to funerals, memorials and to attend the bedside of an ill or injured member to ensure a single point of service for military personnel and their families; and
- opened 11 new Casualty Support Centre regional detachments across the country to enhance the co-ordination of services for the ill and injured.

The Military Family Services Program (MFSP) provided community-based family services that strengthen the confidence, capability and resilience of CF families. In fiscal year 2007-2008 the MFSP:

- established Canadian/Military Family Resource Centres (C/MFRCs) at locations in the United States to serve CF personnel and their families who are posted to Tinker Air Force Base in Oklahoma, Tyndall Air Force Base in Florida and Naval Air Station Whidbey Island in Washington;
- implemented the MFSP Participant Survey. The purpose of the survey was to collect feedback from military families who use one or more of the services offered by a C/MFRC. Survey results showed that 86.6 percent of respondents were aware of the various services offered at C/MFRCs with 29.9 percent of them participating regularly in C/MFRC programs. This survey feedback was used to initiate the development of a Community Needs Assessment toolkit which allows C/MFRCs to align programs and services according to identified needs of the community;
- respondents rated the services provided at C/MFRCs quite highly overall and generally agreed that the main objectives of MFSP had been met. The results of the Participant Survey makes it possible for each C/MFRC to design its services according to identified needs in its community, and with regard to services that may already be available through other local service providers;
- broadened the scope of mental health services targeting children and families through enhanced partnerships and collaborations with DND, CF, civilian and Government of Canada partners; and
- launched the Family Violence Prevention Campaign.

The Canadian Forces Health Information System (CFHIS) delivers patient scheduling, registration, and immunization tracking services at 35 of 36 CF Health Services sites. The CF continued work in the delivery of clinical applications throughout the integrated network by:

- activating on-line all 24 CF dental clinics,
- implementing 13 diagnostic imaging departments,
- activating 14 laboratories, and
- implementing the on-line review of laboratory and diagnostic imaging results.

The CF introduced enhanced Periodic Health Assessments (PHAs) to improve the common health-care management system for all military personnel and make pre- and post- deployment screenings more efficient and effective. New, more comprehensive assessment formats were trialed and distributed and planning to implement biennial PHAs for all CF members was initiated.

Mental health human resources almost doubled, to 447 from 229 personnel. Approximately 320 mental health care providers are in place at CF clinics across the country. CF Health Services continued to partner with other federal agencies such as Veterans Affairs Canada (VAC), Federal Health Partnerships, and the RCMP regarding the provision of mental healthcare. Mental health programs provided assessment and treatment for those suffering from a broad range of concerns including operational trauma and stress support. Mental health care providers helped sustain and restore military personnel to operational effectiveness and deployability.

Response to Standing Committee on Public Accounts (PACP)

On behalf of the Department, the Government presented several responses to the Standing Committee on Public Accounts (PACP), during the 2007-2008 fiscal year.

On 7 December 2006, PACP tabled its 11th report of the 39th Parliament, 1st Session, based on Chapter 2 of the May 2006 Report of the Auditor General of Canada on National Defence – Military Recruiting and Retention. The Government presented its response on behalf of the Department on 16 April 2007.

PACP tabled its 15th report of the session based on Chapter 5 of the November 2006 Report of the Auditor General of Canada, Relocating Members of the Canadian Forces, RCMP, and the Federal Public Service, on 29 May 2007. The Government tabled its response, including contributions from the Department, on 17 October 2007.

For additional information on the 11th and 15th Standing Committee Reports mentioned above, refer to Section III: Supplementary Information – Table 8b: Response to Parliamentary Committees and External Audits.

In April 2008, PACP tabled its 12th report of the 39th Parliament, 2nd Session based on Chapter 4 of the October 2007 Report of the Auditor General of Canada on National Defence - Military Health Care. Government's approval and subsequent presentation of the response on behalf of the Department was delayed due to the fall 2008 federal election. Pursuant to the Committee's recommendation 4: "National Defence report in its annual departmental performance report on the status and implementation of the Canadian Forces Health Information System, including whether the system is on budget and on time", Defence began a full analysis of CFHIS project's challenges and risks. The Phase III funding level set in 2002 was considered insufficient to meet project goals. In June 2008, a 20 percent increase in Phase III funding was sought and approved through an Effective Project Approval (EPA) submission to the Treasury Board Secretariat. The actual funding approved was brought to $139,558,300 for a total increase of $24,011,300. The initial risk analysis indicates that the project will be delivered within budget; but there may be a light slippage in the schedule delaying the project closure closer to the end of 2011 than originally anticipated.

Civilian Human Resources

At Defence, civilians work alongside their military colleagues. Civilians contribute to the full range of outcomes from supporting the preparation of battle groups for deployment to shaping the policy framework for the Government within which the CF executes its responsibilities. The integrated workforce is critical to the success of the mission. This requires DND to continue to recruit, develop, retain and effectively support the people who can ensure Defence delivers on its commitments and its strategic objectives. DND remains committed to Public Service (PS) Renewal and managing human resources in ways consistent with renewal expectations.

The Fourteenth Annual Report to the Prime Minister on the Public Service of Canada dated March 30, 2007 outlined four renewal priorities for the public service for fiscal year 2007-2008:

- Planning – understanding people requirements over the short term and longer;
- Recruitment – renewing and sustaining capacity at all levels;
- Employee development – investing in people; and
- Enabling infrastructure – systems tools and infrastructure.

Civilian HR Strategic Planning

The foundation for shaping the civilian workforce is predicated by National Defence managers having a clear understanding of what skills and knowledge are required to meet the department's business objectives, both now and into the future. Business planning and human resource planning have to go hand in hand. Without this, recruitment and employee development will be largely ad hoc and short term.

National Defence has made significant progress in building its capacity to integrate planning throughout the department. The horizon for HR plans was expanded from one to three years to coincide with the traditional business planning cycle. It enabled DND to facilitate the implementation of an integrated planning process within the department. Plans are also assessed annually and compiled into Human Resources - Civilian Group Functional Assessment. The assessment identifies departmental HR issues and priorities, such as workforce renewal, continuous learning, employee well being, leadership and inclusiveness. This year the information was used to guide resource priorities and allocations. To further the integration, a revised Strategic Intake Plan (SIP) was redesigned to allow the pairing of business activities with related HR requirements. This information is used to guide the development of workforce renewal strategies.

The Corporate Civilian HR Strategy and Plan is in its last year of currency and is under revision. This key document provides the framework and context for human resources trends, issues, challenges and opportunities, both immediate and emerging, affecting the civilian workforce within the Defence/CF environment. Overall, this plan needs to promote a common understanding of future civilian capability requirements to support the CF, the range of strategic choices and potential investments. It serves as the cornerstone of civilian human resource planning and provides guidance with respect to the Department's commitment to recruitment, retention, and employee development. It is a tool used by the department in preparing their HR plans and is aligned with the PS Renewal Action Plan.

Recruitment

As the Canadian population ages there will be fewer new entrants to the labour market and Defence will have to compete with other organizations, in both the public and private sectors, to recruit and retain the personnel needed to meet Defence's immediate and future objectives. Through integrated planning, strategies and practices are being aligned to create a strong national program and brand for DND.

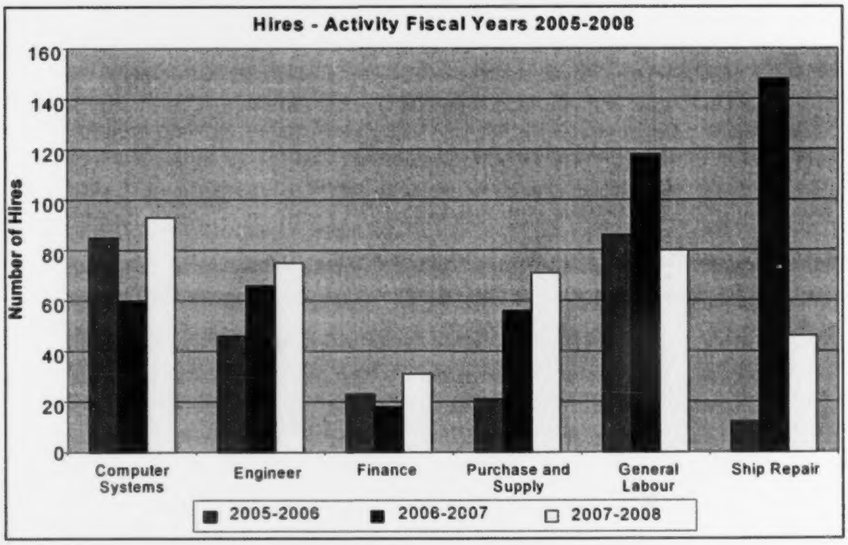
Recruitment Strategy

In spring 2007, DND launched a national civilian recruitment strategy. This strategy included a new external recruitment Internet website and a strong visual brand supported by promotional and recruitment tools and training to assist departmental recruiters. Numerous communications materials and tools to support recruitment and outreach activities were and continue to be developed. These tools are being used successfully throughout the Department. Senior personnel from across the Department have and will continue to participate in many outreach events, at all educational levels across the country. The look and feel of the promotional material and senior personnel visibility has had a positive impact on Defence's ability to attract potential recruits.

Critical Occupations

In response to the many pressures of the previous decade which resulted in certain occupational groups (e.g. purchasing and supply, finance, computer science, engineering, ship repair, ship officer and general labour) reaching a critical point in terms of staff shortage, Departmental Champions and/or Community Management Offices/Centres were established, focusing on recruitment, retention, learning and professional development initiatives. Large recruitment campaigns were conducted and proved successful. Specifically in fiscal year 2007-2008, 396 new hires to DND were reported and this counted for more than 25 percent of the overall DND growth. Coaching, mentoring and/or succession management programs were launched to support and develop the new hires within these communities. In addition, entrants to the purchasing and supply Officer Development Programs increased, and for engineers, a national collective staffing initiative was launched.

FIGURE 7: CRITICAL OCCUPATIONS

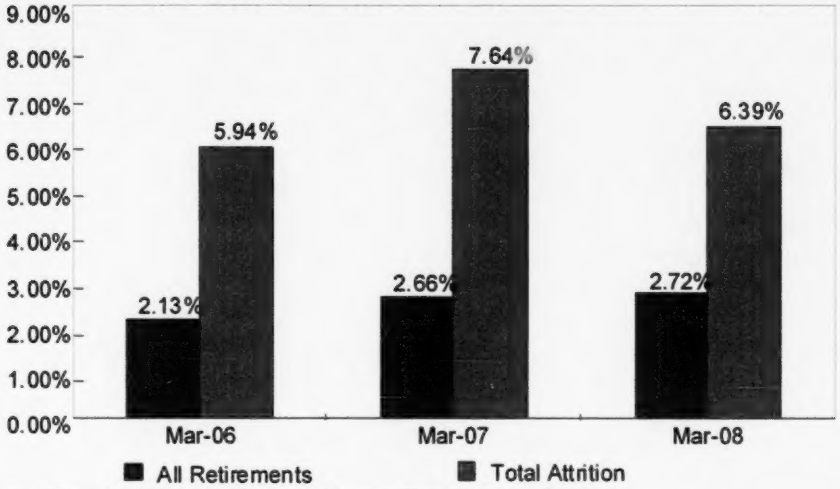


Source: Assistant Deputy Minister (Human Resources – Civilian)

Attrition

The next graph shows that, as of March 2008, the annual rate of attrition among civilian employees of indeterminate status had decreased to 6.39 percent compared to 7.64 percent as of the end of March 2007. Of this attrition, 2.72 percent is attributable to retirement; 3.7 percent resulted predominantly from resignations and transfers to other government departments.

FIGURE 8: ATTRITION



Source: Assistant Deputy Minister (Human Resources – Civilian)

Retention Strategy

An effective retention strategy is inextricably linked to returns on DND's sizeable investment in recruitment. Research on civilian employee retention has just been completed. The results of this research will form the basis of the development and implementation of a comprehensive civilian employee retention strategy in fiscal year 2008-2009.

Knowledge Transfer and Professional Development

Executive and leadership development programs were enhanced during fiscal year 2007-2008. A new corporate body was created to manage executive development through external programs such as the Career Assignment Program (CAP), Management Trainee Program (MTP), the Information Management/ Information Technology (IM/IT) Management Development Programs (MDP), and internal programs such as the Leadership Development Program (LDP).

There are currently 40 individuals participating in these leadership programs, as follows – seven in CAP, six in the LDP, three in IM/IT MDP, and a total of 24 in MTP. Eight participants graduated during the reporting period – two from CAP, three from LDP, and three from MTP.

A study of current succession planning activities and best practices across Government and non–Government organizations was completed. Building on this information a draft Succession Planning Framework was approved by senior management and will be launched in fiscal year 2008-2009.

DND has adopted an expansive definition for civilian learning, training, and professional development. Personal Learning Plans (PLPs) include formal training and on-the-job learning, self-learning, and computer-assisted learning, tutoring, mentoring and coaching. Much of the training is undertaken under the auspices of established certification programs. During the reporting period, over 90 percent of the civilian population in DND had completed learning plans.

Apprenticeship and Operational Development Program

Given that 35 percent of the civilian workforce is employed in operational occupations, DND will continue to build the national civilian apprenticeship and operational development project to ensure that well trained, experienced employees are waiting in the wings to replace those who are retiring. This program also had an impact on the workplace and on retention as employees are welcoming the new recruits and taking the opportunity to share their experience and knowledge. Currently there are 244 apprentices across Canada going through this program. The department recently committed additional funding for the next five years to further support the apprenticeship and operational development program.

Human Resources Processes and Service Delivery

Last fall, an electronic Client Satisfaction Survey was conducted to gauge satisfaction with departmental civilian Human Resources (HR) services. Military and civilian managers who supervise civilian employees were polled. Areas highlighted for improvement included greater use of new tools available, and speed of services.

An updated web-based Human Resources Management System (HRMS) was successfully launched in the department on October 31, 2007. This system of record supports our efforts to enhance the delivery of HR services, to take advantage of inherent system-based efficiencies, and to be responsive to the needs of HR professionals, civilian employees and their managers. Through this system upgrade, self-service functionality was introduced to approximately 24,000 civilian employees and their managers, allowing access to personal information and the ability to perform transactional tasks from the desktop. In addition, this upgrade provided the civilian HR professional community with timely online system training and integration capability with the Government of Canada Pay System.

Joint Military-Civilian Initiatives

Alternate Dispute Resolution

The focus of fiscal year 2007-2008 activities shifted slightly in response to both senior level guidance and new demands from the clientele served by the Dispute Resolution Centres. Specifically, there was both a greater priority and a greater demand for the delivery of Integrated Alternate Dispute Resolution (ADR) Training as well as some pre-deployment training for individuals and units proceeding on international operations. Significant development work was undertaken towards incorporating ADR into all levels of leadership and developmental training as well as opportunities for incorporating ADR into supporting operations.

Accomplishments in fiscal year 2007-2008 included:

- conducting approximately 250 promotional meetings, presentations and kiosk information sessions that connected with almost 11,700 CF/DND personnel;
- conducting over 500 training sessions imparting essential conflict management skills to over 14,000 CF/DND personnel. Courses included the "Resolving Conflict Effectively" related packaged courses, Integrated ADR Training courses for Non-Commissioned Members and ADR related courses tailored to meet specific needs (including operational pre-deployment training); and
- conducting over 850 ADR consultations, conflict coaching sessions, mediations, facilitations, group-needs assessments, and group interventions.

Planned Capital Acquisition

Consistent with the *Canada First* Defence Strategy, the key focus in fiscal year 2007-2008 was the investment in core capabilities to ensure that transformation and modernization of the CF continued at an accelerated pace. The following major projects, which indicate this direction, were progressed in fiscal year 2007-2008.

Joint Support Ship

The Joint Support Ship (JSS) Project will replace the aging Auxiliary Oiler Replenisher class with vessels capable of sea replenishment and sustainment of the Naval Task Group, assuring a strategic sealift capability, and improving the CF's capability to support and sustain land operations ashore. The JSS Project is in the definition phase. Costed design proposals were delivered in March 2008.

Airlift Capability Project - Strategic

The Airlift Capability Project - Strategic will provide the strategic (i.e., long-range) transport aircraft the CF require for domestic and international operations. These aircrafts will maximize CF strategic airlift and interoperability with Canada's allies. All four CC-177 Globemaster III aircraft were delivered by mid-2008. Because this project has advanced so fast, permanent facilities and support equipment at 8 Wing Trenton will not all be in place before at least Fall 2010. Interim maintenance facilities are being provided at Jackson Mississippi Air National Guard base, using Canadian personnel, until permanent facilities are available at Trenton, Ontario.

Airlift Capability Project - Tactical

The Airlift Capability Project - Tactical will provide the tactical transport aircraft the CF require for domestic and international operations. The aircraft will be able to fly in extremes of weather and temperature from unpaved, austere, unlit airfields with no support facilities, over medium-threat hostile terrain anywhere around the globe. The Airlift Capability Project-Tactical is in the implementation phase. The contract for 17 C-130J Hercules aircraft was awarded to Lockheed Martin Corporation on December 20, 2007.

Medium- to Heavy-Lift Helicopter

The Medium- to Heavy-Lift Helicopter project will provide the CF with rotary-wing aircraft capable of moving troops and equipment safely and effectively in low- to medium-threat environments in Canada and abroad. It will be able to carry up to 30 soldiers with their full combat equipment or a payload such as the lightweight 155mm towed howitzer with its associated equipment. The CH-47 Chinook helicopter built by Boeing Integrated Defense Systems was found to be the only aircraft able to meet the project's high-level mandatory criteria. The project is in the definition phase.

Medium Support Vehicle System

The Medium Support Vehicle System project will provide the capability of transporting combat troops, cargo and equipment, and to perform various support functions (e.g., medical/dental, engine repair, communication equipment repair, optics repair, weapons repair etc.). This project will modernize the aging Medium Logistics Vehicle Wheeled fleet, thus providing a platform for embedded unit logistics (i.e., mobile support functions and effective delivery of reinforcements and supplies).

Preliminary project approval was received and effective project approval for the Standard Military Pattern vehicles, the trailers and the armour protection kits is planned for fiscal year 2009-2010. Due to the increased threat level in Afghanistan, the protection levels for the Standard Military Pattern vehicles were revisited and increased to help protect against Improvised Explosive Devices. Other factors further delayed the effective project approval until fiscal year 2009-2010.

Lightweight Towed Howitzer (LWTH)

The LWTH project will bridge a key facet of the Army's current indirect fire capability deficiency within the wider Future Indirect Fire Capability (FIFC) Program. Capability enhancements in terms of lethality, range, precision, mobility and digitization are needed to support future missions and tasks likely to be assigned to the CF. The aim of the project is to field twenty-five (25) 155mm Lightweight Towed Howitzers with integrated Digital Gun Management System (DGMS), associated 155mm ammunition, and trucks to tow the howitzer.

HALIFAX-Class Modernization (HCM)

The HCM/FELEX project is the principal component of the overall HALIFAX Class modernization (HCM) initiative. The project will plan and manage HALIFAX Class mid-life refits, acquire the major elements of the new combat system, and deliver stability enhancements, degaussing[6] improvements and a Commander Task Group capability in four ships.

Expenditure Authority for Part 1 (the Non-Combat System Integration component) of the HALIFAX Class Modernization/Frigate Life Extension Project was provided and the project is nearing the end of its definition phase. The Combat System Integration Performance Specification has been finalized, and the Combat System Integration Request for Proposal documentation was released in February 2008.

Omnibus Mounted Soldier Survivability Project

Defence has improved the protection of soldiers on operations with leading-edge technology, fielding a new fleet of armoured patrol vehicles and improving the survivability of the deployed fleets. This project was initially intended as an omnibus project (a project that consolidates several closely related requirements into a single proposal) but National Defence made the decision to manage the various requirements as separate projects for greater transparency and oversight.

During fiscal year 2007-2008, the Survivability team has concentrated its effort in delivering the following technologies:

- **Expedient Route Opening Capability (EROC)** used to conduct mounted searches for buried improvised explosive devices. All Phase I capabilities were delivered to Afghanistan.
- **Impact Seating System (ISS)** provides improved survivability for both the vehicle driver and mounted troops in the LAV III and TLAV. A contract was awarded to develop a prototype.
- **Exposed Crew Protective Equipment (ECPE)** provides additional ballistic protection to crews. Brassards[7] were acquired and delivered to Afghanistan.
- **Enhanced protection to the RG-31 fleet** for windows and spall liner[8] were delivered to Afghanistan thus completing the project.
- **Ballistic Blankets (BB)** are designed to provide additional interim protection to Armoured Fighting Vehicle crews against Behind Armour Debris. This project is completed with remaining BB being installed on vehicles in Afghanistan.
- **Armoured Heavy Support Vehicle System (AHSVS).** Delivery of the AHSVS vehicles has commenced to Afghanistan and within Canada for training purposes.

For detailed information on Major Crown Projects see Table 5 – Status Report on Major Crown Projects.

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[6] The method of making ships safer against magnetic influence mines and other devices using magnetic exploders by temporarily neutralizing the ship's magnetic field with electric coils installed in the ship.

[7] Extension of body armour to protect the upper arm and shoulder.

[8] Extra protective ceramic liner inside the armoured vehicle plating that serves to protect the occupants from metal debris in the event the vehicle receives a direct hit.

Accrual Budgeting

Departmental appropriations are provided on the modified cash basis used for reporting and accountability to Parliament. However, recent federal budgets have instituted a second basis of control over appropriated funds, called the accrual basis. In this second system, control is achieved by using an expense ceiling based on accrual expenses rather than cash expenditures. Capital projects funded specifically from Budget 2005, Budget 2006 and Budget 2007 are subject to both the cash appropriation control and the accrual control.

In keeping with modified cash and accrual fiscal control and reporting, this report will present information on planned, forecast and actual spending on accrual budget capital projects for fiscal year 2007-2008 in Section III: Supplementary Information.

Accrual Budgeting Table

The following table summarizes those projects in definition or implementation in fiscal year 2007-2008 that are being resourced and accounted for using the principles of accrual budgeting.

CAPITAL PROJECT EXPENDITURES

$ Thousands	Actual Spending 2006-2007[1]	Planned Spending 2007-2008	Final cash funding allocation 2007-2008	Actual Spending 2007-2008
Budget 2005 Announcement				
Medium to Heavy Lift Helicopters	3,521	268,373	9,635	6,733
Medium Support Vehicle System	3,329	35,032	6,439	5,803
Airlift Capability Project - Tactical	2,882	8,895	160,601	159,647
Joint Support Ship	-	82,285	-	-
Halifax-Class Modernization - (HCM) [2]	24,912	10,000	38,999	11,681
JTF 2 Relocation	-	-	4,216	4,350
Total	**34,644**	**404,585**	**219,890**	**188,213**
Budget 2006 Announcement				
Airlift Capability Project - Strategic	148,235	731,804	933,956	928,806
Arctic Offshore Patrol Ship	-	-	1,820	2,137
Tank Replacement	-	-	95,209	99,425
M777 Howitzer	20,559	3,456	6,837	5,453
Trenton Runway Ramp	-	-	16,029	17,399
Total	**168,794**	**735,260**	**1,053,851**	**1,053,219**
Budget 2007 Announcement				
CSEC Mid-Term Accommodations	-	-	438	238
Total	**-**	**-**	**438**	**238**
Grand Total	**203,438**	**1,139,845**	**1,274,179**	**1,241,671**

ACCRUAL EXPENSES

$ Thousands	Actual Spending 2006-2007 [1]	Planned Spending 2007-2008	Final accrual funding allocation 2007-2008	Actual Spending 2007-2008
Budget 2005 Announcement				
Medium to Heavy Lift Helicopters	302	-	90	579
Medium Support Vehicle System	316	3,000	523	580

$ Thousands	Actual Spending 2006-2007 [1]	Planned Spending 2007-2008	Final accrual funding allocation 2007-2008	Actual Spending 2007-2008
Airlift Capability Project - Tactical	333	-	821	437
Joint Support Ship	-	-	-	-
Halifax-Class Modernization - (HCM)	-	-	1,315	973
JTF 2 Relocation	-	-	-	138
Total	**950**	**3,000**	**2,749**	**2,708**
Budget 2006 Announcement				
Airlift Capability Project - Strategic	260	123,000	92,159	58,122
Arctic Offshore Patrol Ship	-	-	132	144
Tank Replacement	-	-	11,289	10,482
M777 Howitzer	3,327	1,000	3,791	2,477
Trenton Runway Ramp	-	-	-	323
Total	**3,587**	**124,000**	**107,371**	**71,549**
Budget 2007 Announcement				
CSEC Mid-Term Accommodations	-	-	42	238
Total	**-**	**-**	**42**	**238**
Grand Total	**4,537**	**127,000**	**110,161**	**74,495**

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

* Due to rounding, figures may not add up to totals shown.

Notes:

1. When applicable, figures include employee benefit plans expenditures (20 percent of personnel amount).
2. Actual Spending 2006-2007 were restated from published numbers in the 2006-2007 Departmental Performance Report to include Employee Benefit Plans (20 percent of personnel amount).
3. Actual Spending for 2006-2007 was restated to reflect expenditures financed from existing reference levels in 2006-2007. As the project is now being funded from investment cash, final cash funding allocation in 2007-2008 includes $24,912,000 to cover the 2006-2007 spending.
4. At the time of the 2007-2008 RPP publication the intent was to get the Joint Support Ship project approved November 2004 under the accrual budget funding. At this point in time, the Joint Support Ship project is in progress under the non-accrual capital project funding.

Optimal Use of Resources

Materiel Management

The Materiel Group is the central provider of services and program authority related to all Defence materiel acquisition and support programs. It manages equipment programs throughout their life cycle, from concept to procurement through to disposal. The Department has successfully completed the consolidation of several complex transformative capital acquisition projects into two new divisions and, in so doing, increased the level of oversight and reduced the management and financial risk associated with overseeing an increasing number of complex, high dollar-value projects.

Procurement and Contract Management

Defence began work on a comprehensive, multi-year Investment Plan to implement the *Canada First* Defence Strategy (CFDS). This Plan will ensure a coherent, balanced and affordable approach to major Defence investments over a 20-year period. The Department continued to put in place integrated, co-located project teams (National Defence and Public Works and Government Services Canada) and use a "Government Team" approach, supporting the procurement team with new instruments such as Solicitation of Interest and Qualification with performance demonstration and better training and professional development. The Department continued to focus on simplified, high-level outcome/performance-driven military Statements of Requirements and are procuring off-the-shelf equipment and technologies to the maximum degree possible and when appropriate. The Department also continued to put in place single points of accountability for the acquisition and the in-service support and bundling of contracts. While these initiatives have reduced the procurement timelines, the effort to improve the efficiency of military procurement is ongoing.

In particular, the acquisition of the CC-177 Globemaster III aircraft increased Canada's ability to be part of and support multi-national coalition force and UN operations. In one measure of Defence's planning abilities and responsiveness, only ten days after acceptance of the first CC-177, this aircraft's first operational mission was flown in support of hurricane relief operations in Jamaica. Since then, it has supported missions to the North and has been employed as part of our weekly sustainment flights to Afghanistan.

Response to Standing Committee on National Defence (NDDN)

On 7 February 2008, the Standing Committee on National Defence (NDDN) tabled its 2nd report of the 39th Parliament, 2nd session, on Procurement and Associated Processes.

The Department's response can be found at: <http://www2.parl.gc.ca/HousePublications/Publication.aspx?DocId=3546108&Language=E&Mode=1&Parl=39&Ses=2>

Realty Assets

The adoption of a realty asset portfolio management approach was strengthened in fiscal year 2007-2008 with the completion of two critical components in the management framework. In January 2008, both the Realty Asset Strategy (RAS) and the National Portfolio Management Plan (NPMP) were endorsed by the Department. Work on the implementing these plans continue.

The need to address increased funding for realty assets was recognized within the department and custodians of realty assets are being directed to move towards a total investment target in line with the CFDS target of 3.9 percent (plus salaries) of the portfolio Realty Replacement Cost (RRC) for Maintenance and Repair (M&R) and Recapitalization. Additionally, the transition to accrual budgeting, which began in fiscal year 2007-2008, will continue in order to support high cost strategic infrastructure initiatives.

Work on establishing a proactive approach to preventative maintenance began with a review of current practices and an objective of establishing departmental direction for a cost effective and consistent proactive preventative maintenance program in fiscal year 2007-2008. Preventative maintenance programs at two bases have been reviewed, and options are now being identified for inclusion in departmental direction.

Access to Information

The number of requests received by National Defence under the *Access to Information Act* has significantly outpaced the resources available to respond, resulting in a backlog and delays for applicants. The complexity and sensitivity of the subject material being requested relating to operations such as those in Afghanistan has added to the difficulty responding to requests in a timely manner, as has the limited pool of experienced Access to Information and Privacy (ATIP) employees. Additional staff was hired and organizational changes have been implemented in the past year but it has been insufficient to keep up with demand.

National Defence is committed to regaining its position as a leader in the ATIP community by addressing current shortfalls through short-term and long-term strategies. Hiring additional experienced ATIP personnel and the creation and implementation of a Professional Development Program for entry-level employees are two such strategies. The exploration and implementation of new strategies continues but substantial improvement to response times and backlog reduction is realistically a few years off.

The DND 2007-2008 Reports on Access to Information and Privacy are available at: <http://www.admfincs.forces.gc.ca/aip/index-eng.asp>

Business Continuity Planning

The establishment of a Defence-wide Business Continuity Planning program and the development of a comprehensive departmental Business Continuity Plan is a high priority and significant progress has been achieved during the past year.

The DND Corporate-Level Business Impact Analysis (BIA) was completed in May 2007 and the Level 1 BIAs were received in October 2007. The DND Corporate-level Business Continuity Plan for critical operations and services was promulgated in draft form on 11 January 2008.

International Financial Linkages

International financial linkages were re-enforced and broadened during the past year. ADM(Fin CS) participated in the ongoing Defence Senior Financial Officer (SFO) Colloquium series, co-hosted in March 2008 by New Zealand and Australia. High level bi-lateral contacts were also established with Singapore and Denmark, the latter expected to be the start of a regular high level SFO contacts among NATO members. The focus of these discussions has been around the issues of public sector accounting rules, resource allocation challenges, and accountability and governance structures. Lessons learned continue to be shared among participating nations, with increasing staff level contacts being exploited and significant improvements made to our respective financial management practices based on shared lessons learned.

Financial Decision Support

The Department continued development of its Financial Decision Support (FDS) system to provide more up-to-date and relevant financial information to Departmental managers. FDS now provides previously manually prepared financial reports on-line, on demand, and on a daily basis allowing better financial information, timelier decision-making and more effective use of time analyzing information rather than creating it.

Information Management

The Information Management Group (IM Gp) continued to make significant contributions to the adoption of the capability-based approach to supporting operations and delivering IM capabilities and services in alignment with defence priorities and strategies. Over the reporting period, the IM Gp continued to provide the much-needed infrastructure and networks that enable vital support to operations as well as the day-to-day needs of the Department.

Focusing clearly on the operational needs of the CF, progress is being made in the development of a deployable, secure and interoperable Command and Control (C2) solution to address evolving needs to support current operations and planned activities such as support to the 2010 Olympics. Progress on the implementation of an Integrated C2 (IC2) capability is reported quarterly such that oversight and changes can be made. Progress continued to be made, notwithstanding some delays due to procurement and technical challenges. As a direct result of this initiative, Commanders and users gained access to improved operational capability.

In addition, significant progress was made in consolidating, into a fully integrated network, existing Command and Control Information System architectures, which has traditionally consisted of stove-piped enclaves. The integration of the Communications Systems Network Interoperability and the Land Command Support System was progressed and is a priority for support to deployed operations. The first phase – addressing the operational commanders' requirements by resolving C2 operational deficiencies – objectives were completed. Foremost among these were the migration of Joint CF Command System TITAN and Navy's Maritime Command Information Network to the consolidated baseline, and the replacement of equipment and stabilization of the operating system for the classified infrastructure.

The fusion of intelligence and operational information is critical to mission success as an enabler to planning and force engagement. Plans are well underway for the expansion and enhancement of the information and intelligence fusion capability to support 50,000 users around the world. This phased rollout will see the capability expanded across the CF and DND and has already provided benefit to those having access to this system.

In understanding the important role that information management and information technology play across interdepartmental boundaries, the IM Group is a major contributor to interoperability across federal government departments. For example, the IM Group has initiated projects to interconnect with other federal government classified systems in order to provide for increased coordination and interoperability. In 2007, the Government Technology and Exhibition Conference (GTEC) International Partnerships Gold Award, formally recognizing and celebrating leadership, innovation and excellence in enabling and managing service delivery within the public sector was awarded to the Information Management Group for its outstanding contributions to the SARSAT - Search and Rescue Satellite-Aided Tracking which is a demonstration of the significant contributions made to the security and safety of all Canadians.

Success in assigned missions in contributing to domestic and international peace and security

In the 21st century, global political, economic and social networks are complex and interdependent, but far from frictionless. Canada's influence in the world depends very much on the success of the CF to conduct missions and operations at home and in the farthest reaches of the globe in defence of Canadians and their interests and values. The CF stand ready and capable of successfully accomplishing defence missions ranging from disaster relief, to sovereignty and security, to full-scale armed conflict.

Program Activity: Conduct Operations

The CF have been increasingly active at home and in the world, contributing to domestic and international peace, security, and stability.

Resources Consumed

Financial Resources

	2007-2008		
($ Thousands)	**Planned Spending**	**Total Authorities**	**Actual Spending**
Departmental Spending	2,286,490	2,460,429	2,912,828
Capital Spending	196,508	219,694	358,061

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Note: The total authority column is the department's internal breakdown of the approved votes into the PAA reporting categories. It does not represent the voted authorities approved by Parliament.

Constant Situational Awareness

The Communication Security Establishment Canada (CSEC) signals intelligence (SIGINT) program provided unique and timely foreign intelligence consistent with Canadian government requirements and priorities. This information was used for indications and warnings, policy formulation, decision-making and day-to-day assessment of foreign capabilities and intentions. During fiscal year 2007-2008, SIGINT program priorities included improving the quality of SIGINT products and services, continuing to integrate SIGINT capabilities with the CF to ensure the best possible SIGINT support to CF operations, and maintaining technical capabilities in the face of the extraordinary challenges posed by the global information infrastructure. CSEC places high priority of its collection and production effort to support CF operations with the provision of near real-time intelligence to Commanders at all levels.

Maritime Command (MARCOM) has full responsibility to provide 24 hours a day/7 days a week surveillance of all maritime activity in Canada's coastal and inland waters as well as monitoring Canada's ocean approaches – a total area larger than Canada's entire land mass. MARCOM's capabilities in this regard are recognized as world leading.

MARCOM has been working in close cooperation with the US, NATO and Canadian federal partners, to create a worldwide system of maritime domain awareness. Since fall 2005, interim Marine Security Operations Centres (MSOCs) have been in place in Halifax, NS and Esquimalt, BC. Representing a new and unique level of integration and cooperation between government departments and agencies involved in marine security, the MSOCs provided a means for rapid coordination of Government response to maritime security threats by enabling federal partners to share information in a more effective and seamless manner.

The MSOCs have been integral to the successful execution of several marine security operations in the past year. For instance, the MSOC contribution and provision of situational awareness during Operations *HEAVE-TO* and *HYGRADE* proved to be critical to operational success.

Core security partners, including the National Security Advisor, have recognized the value of the MSOCs. The MSOC Project will achieve Initial Operational Capability in October 2009 and Full Operational Capability in September 2014.

Domestic and Continental Operations

As the command responsible for all routine and contingency operations in Canada and as the national operational authority for the defence of Canada and North America, Canada Command (Canada COM) continued to make noticeable progress in several aspects of its mission including defence, disaster relief and search and rescue.

At home, the CF devoted significant efforts towards surveillance, presence and response capabilities within Canadian territory, waters and aerospace, including in the Arctic. Canada has three contiguous oceans, and our land mass spans four time zones (4.5 with Newfoundland). Over 600,000 aircraft enter and exit Canadian airspace annually; total number of flights in Canadian airspace each year exceeds 4.5 million. Also, Canada has the largest maritime zone of jurisdiction in the world and has some unresolved sea frontiers with the US and Denmark. Spanning 6,000 km from coast-to-coast, travelling across Canada requires eight hours flying time or seven days to drive from coast-to-coast from east/west; north-to-south distance is 5,000 km, with many parts of the north accessible only by sea and air.

Canada COM established very effective working relationships with other government departments and agencies at the federal level while its six Regional Joint Task Forces in Atlantic, Eastern, Central, Western, Pacific and Northern Canada have established cooperative relationships with their provincial and territorial emergency management organizations and other relevant agencies. Each of these Task Forces has appropriate naval and air resources available and, except for Pacific and Northern Regions, each has a 350 person Immediate Reaction Unit. The Health Services component of the Disaster Assistance Response Team (DART) has remained on 48 hours notice to move in response to humanitarian crises throughout the year.

An essential element of Canada COM's operations is its relationships with federal and provincial government partners. The following examples are testimony of the excellent progress achieved by Canada COM in this area:

- became a key contributor in revitalizing the Assistant Deputy Minister Emergency Management Committee (ADM EMC) and remains an active participant in its routine and operational emergency sessions. Commander Canada COM is also the Co-Chair of the ADM EMC sub-committee on Arctic Emergency Management Issues;
- hosted and facilitated several important government level exercises for ADM EMC;
- conducted command and control exercises to improve intra-governmental coordination at all levels. Canada COM carried out these exercises, for its own benefit, and under the auspices of Public Safety Canada and the RCMP. This coordination is being formalized for future operations;
- developed a whole of government, coordinated approach to the preparation for the Vancouver 2010 Olympic Games including cooperative, multi-departmental exercises; and
- gave direct support to other government department operations by providing the RCMP 720 hours of helicopter time for use in drug law enforcement, allocating up to 20 sea days in support of law enforcement duties, supporting the Department of Fisheries and Oceans with 157 days at sea and a further 300 hours of aerial surveillance time. During Operation *LOBOS*, from 16 to 22 August 2007, the CF also supported RCMP-led security activities at the North American Leaders' Summit held at the Château Montebello in Montebello, Québec.

At the continental level, Defence continued to support the Government of Canada's strategic outcome of a strong and mutually beneficial North American partnership through participation in the North American Aerospace Defence Command (NORAD), which entered its fiftieth year in 2007-2008, and other Canada-US cooperative forums. Defence participated in annual NORAD exercises such as *ARDENT SENTRY* in April-May 2007 and *AMALGAM DART* in October 2007.

The development of plans and procedures for NORAD's maritime warning function are continuing to mature. As NORAD evolves, so too does the relationship between NORAD, United States Northern Command (USNORTHCOM), and Canada COM. Over the past year, Canada COM worked with NORAD and NORTHCOM to strengthen that partnership and to clarify command and control arrangements.

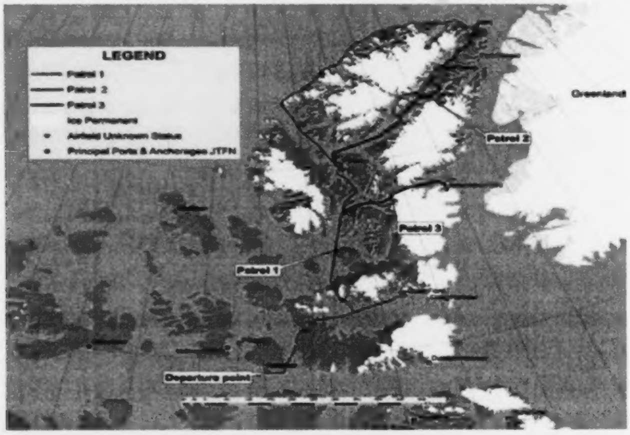
In support of our bi-national commitment to aerospace defence, for several-days in November 2007, Canadian CF-18 fighters took over all Arctic Patrols flown from Alaska as a result of the United States Air Force's F-15s being grounded following problems encountered with the fleet.

Across the Arctic, numerous activities have taken place to support Canadian sovereignty. Planning has commenced for the Arctic Warfare Training Centre (AWTC) in Resolute Bay and a deep-water berthing and refuelling facility at Nanisivik. The CP-140 *Aurora*

Maritime Patrol Aircraft flew 353 hours providing Arctic surveillance. Joint Task Force North also supported the International Polar Year.

Ranger patrols have been maintained and operations such as *NUNALIVUT* and *NANOOK* reinforced Canada's ability to conduct Arctic sovereignty operations. Op *NUNALIVUT* - Northern Security Operations took place from 24 March to 14 April 2007 in the Northern Arctic Archipelago. A 24-member patrol, including Regular Forces and Canadian Rangers, travelled approximately 5,000 kilometres across some of the most challenging terrain in the world to confirm Canada's sovereignty. The group of 24 consisted of three Canadian Ranger Patrols that deployed from Resolute Bay and subsequently separated to cover routes as depicted in Figure 9.

FIGURE 9 - OP NUNALIVUT PATROL ROUTES



Operation *NARWHAL* proved to be a valuable exercise demonstrating the ability of the CF to work with other government departments and agencies in the Arctic. It reinforced the value of interagency cooperation and civilian partnerships in planning for and responding to domestic events. It demonstrated our capability to work with other departments in protecting Canadian resources and industry in the North and our ability to respond to a major air disaster in the North in coordination with federal and territorial partners.

Canada COM has increased its on water presence and completed 360 sea-days of Maritime Security Patrols utilizing Public Security and Anti-Terrorism (PSAT) funds. With continued effort and over time, this will result in a physical military presence in all Canadian Coastal waters and an enhanced familiarity with all coastal areas and activities. This increased activity enhanced the Canadian national security issues and provided ongoing situational awareness at sea.

Canada COM conducted surveillance and maintained sustained presence throughout the Canadian Maritime Area of Responsibility, including Operation *NANOOK* in the Arctic waters, consisting of 34 total sea days, including a maritime coastal defence vessel (HMCS *Summerside*), a frigate (HMCS *Fredericton*) and the first deployment of a VICTORIA class submarine (HMCS *Cornerbrook*) to Canada's Arctic. In support of Operation *CONNECTION*, a frigate, HMCS *Halifax*, conducted a deployment to the Great Lakes as far west as Thunder Bay, Ontario.

HMCS *Fredericton* deployed to the Caribbean in July 2007 to support regional efforts to counter the flow of drugs by sea to North America and Europe. Surveillance support to the allied effort against narco-terrorism in the Caribbean included 17 CP-140 Aurora missions totalling 520 hours and 21 ship days from the Navy.

As well, in support of regional maritime security objectives, HMCS *Regina* took part in a major maritime security exercise with the US Navy and regional navies in the Pacific approaches to the Panama Canal. During her 10-week deployment, which included calls in Panama, Chile and Peru, *Regina's* participation in Exercise *PANAMEX* improved the navy's ability to operate with navies of the Americas and supported Canadian foreign policy objectives.

Canada COM maintained its capability to provide a Search and Rescue (SAR) response throughout Canada and internationally agreed to areas of responsibility. The CF SAR network responded to a total of 9,417 incidents in 2007. This number includes response to 6,280 maritime, 930 aeronautical and 788 humanitarian incidents shared among the three main Joint Rescue Coordination Centres. Both Air Force and Coast Guard personnel man these centres. The remainder of the SAR responses was in support of other agencies. The SAR system remains extremely effective, with many lives saved and relief from suffering provided to an untold number of Canadians.

A detailed description of these and the many other operations conducted by Canada COM is available by visiting: <http://www.forces.gc.ca/site/operations/current_ops_e.asp>

International Operations

Defence missions abroad encompass the full scope of operations, from combat to peace support and disaster relief. The mission in Afghanistan is the largest and most complex, and is based on a whole-of-government approach, resulting in effective Canadian contributions to reconstruction, development and security.

Since August 2005, a Canadian Provincial Reconstruction Team (PRT) has operated in Kandahar City. The PRT brings together elements from the CF, Foreign Affairs and International Trade Canada (DFAIT), the Canadian International Development Agency (CIDA), Corrections Services Canada (CSC), and the Royal Canadian Mounted Police (RCMP) in an integrated Canadian effort – a whole-of-government approach. Furthermore, a team of strategic military planners, together with civilian advisers from other government departments and agencies, supported the Government of Afghanistan in developing key strategies, policies and plans to strengthen national institutions and enhance governance.

Defence continued to work closely with NATO to achieve Canadian and Alliance objectives. During fiscal year 2007-2008, the fourth and fifth rotations of CF personnel deployed to Afghanistan to contribute to the NATO-led International Security Assistance Force (ISAF).

The following highlight the CF's governance, development and security operations in Afghanistan during the reporting year:

Governance

- Strategic Advisory Team Afghanistan (SAT-A) added advisors to the Ministry of Energy and Water and the Independent Election Council;
- CF established Police Operational Mentor and Liaison Teams (POMLT), directly improving the competence, reputation and survivability of mentored Afghan National Police (ANP);
- The Combined Security Transition Command - Afghanistan (CSTC-A) supported the Afghanistan Ministry of Interior (MoI) in its district-by-district initiative, Focused District Development (FDD), to professionalize the Afghan National Police (ANP). Specific districts are selected by the MoI to undergo FDD. The entire district police force is temporarily replaced and taken to a regional training centre to be re-trained and re-equipped. This process can take up to ten months. Canadian Forces has been a key enabler in conducting FDD in Kandahar Province where over 350 ANP from the Zharey and Panjwayi districts participated during the reporting period. Although there were challenges and much work remains to be done, significant improvement to the ANP has been made since the FDD initiative began. In addition, the pay process of ANP graduates, a long time challenge in recruiting and retaining quality officers, was improved; and
- Joint District Coordination Centers were established in several key districts. These centers serve as the focal point for coordinating security efforts between CF, Afghan National Army and Afghan National Police and provide a local Government of the Islamic Republic of Afghanistan (GIRA) presence for locals to access for assistance.

Development

- CF constructed the Arghandab Causeway, facilitating local commerce and local movement;
- CF operations indirectly supported the Government of Canada signature project to eradicate polio, an effort implemented nationally by the World Health Organization (WHO) and Afghan Ministry of Health. CF arms length support respected WHO's vital impartiality by deconflicting patrols from areas where vaccinators were active, providing a secure environment in areas under CF or ANSF control, and ensuring WHO awareness of the security situation in contested areas. Approximately 350,000 children in Kandahar Province received iterative vaccinations from the WHO teams;
- CF management of road reconstruction Route Fosters begins, providing employment for 350 locals, who work despite aggressive insurgent intimidation efforts; and
- A Contracting Management Office (CMO) was established in theatre to manage local projects and labour forces; currently managing Route Fosters and preparing to manage a second, substantially labour-intensive road reconstruction project.

Security

- All elements of 1st Brigade, 205 Corps (Afghan National Army) came under CF mentorship and marked improvements in capacity were made, to include one Kandak[9] planning and conducting independent operations and taking responsibility for the security of a district;
- Navy divers used their expertise in demolitions and distinguished themselves in the highly dangerous work of dealing with improvised explosive devices that menace our CF, our allies in theatre, and Afghans;
- Through successful disruption operations, the Government of the Islamic Republic of Afghanistan (GIRA) presence was expanded through the establishment of numerous Police Sub-Stations and Strong Points in the heart of traditionally insurgent-dominated areas;
- 2,500 C7 rifles were donated to the ANA in Kandahar. Over 500 ANA have been trained and issued a C7 so far; and
- The Expedient Route Opening Capability (EROC) was introduced to theatre and has proven itself on numerous occasions by detonating IEDs prior to friendly movements.

Response to Standing Committee on National Defence (NDDN)

On 18 June 2007, the Standing Committee on National Defence (NDDN) tabled its 1st report of the 39th Parliament, 1st Session, on Canadian Forces in Afghanistan. The Government presented its response, including contributions from National Defence, to the House of Commons on 17 October 2007.

For additional information, refer to Section III: Supplementary Information – Table 8b: Response to Parliamentary Committees and External Audits.

Defence Involvement in NATO

Defence involvement in NATO extended beyond Afghanistan. Canada's contribution of personnel to NATO positions remained steady at approximately 335 people, with some 114 of these dedicated to the NATO Airborne Early Warning System (AWACS), making Canada the third largest contributor to this program. Defence maintained its contribution of personnel at joint NATO Headquarters as well as aircrews to operate NATO AWACS aircraft.

In September 2007, the air force completed the NATO Capability Evaluation (CAPEVAL). For three weeks, hundreds of CF personnel from fighter squadrons participated in exercises where they simulated air operations from an austere location. The fighter force was evaluated in both air-to-air and air-to-ground roles. NATO awarded the group a passing grade with 14 excellent grades in operations. Every four years, the

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[9] A Kandak is a battalion or principle manoeuvre unit of the Afghan National Army that operates at the platoon and company level.

CAPEVAL is conducted in order to ensure air force standards meet the requirements to fulfill NATO missions.

Canadian warships have also been very busy for the past few years. Since major naval deployments to the Gulf region started in 2001, a total of 4,000 sailors have deployed to this area, as have 16 of Canada's 18 major warships, some returning twice. For example:

- from July to December 2007, the frigate HMCS *Toronto* deployed to the Mediterranean and circumnavigated Africa on a historic 12,500 nautical mile deployment as part of Standing NATO Maritime Group 1. The group conducted exercises and port visits around Africa, as well as a search and rescue operation in the Red Sea; and
- Defence continued to participate in the UN-approved campaign against terrorism through Operation ALTAIR – the contribution of Canadian warships to the US-led coalition fleet conducting anti-terrorist operations in the Persian Gulf and Arabian Sea under Operation ENDURING FREEDOM. The frigate HMCS *Charlottetown* deployed with Combined Task Force 150, between November 2007 and April 2008.

In addition, Defence continued to contribute personnel to the NATO mission in Bosnia-Herzegovina through Operation *BRONZE* and continued to deploy personnel to Sudan to support Canada's efforts to help with the situation in the Darfur region of Western Sudan by providing military equipment, a number of military advisors and expert planners to assist the African Union in planning and logistics.

For additional information on CF international operations, refer to Section III: Supplementary Information Table 10 – Cost of CF International Operations.

Good Governance, Canadian Identity and Influence in a Global Community

This strategic outcome is a primary Defence contribution to four Government of Canada outcome areas: an innovative and knowledge-based economy; a vibrant Canadian culture and heritage; a safe and secure world through international cooperation; and a strong and mutually beneficial North American partnership. It is also a secondary contribution to the goals of safe and secure communities, a diverse society that promotes linguistic duality and social inclusion, and sound and effective government affairs.

Program Activity: Contribute to Canada and the International Community

Throughout fiscal year 2007-2008, National Defence provided advice to the Government of Canada on a wide range of security and defence issues, from building stability in Kandahar to protecting the Government of Canada's information technology. Defence provided leadership and resources for national search and rescue efforts. Defence Research and Development Canada drew on the innovative capacity of the public and private sectors to meet scientific and technological challenges in security and defence, such as the threat of improvised explosive devices (IEDs) in Afghanistan. The Canadian

Cadet and Junior Canadian Ranger programs gave over 60,000 young Canadians the opportunity to develop their skills and confidence as leaders and team members. The Department and the CF are among the largest employers in the Canadian public sector, and in addition to the economic benefits they provided to Canada in 2007-2008, they also worked to provide a model workplace in terms of official language policy, employment equity and responsiveness to grievances. Finally, Defence promoted Canada's interests and reflected its values globally through cooperation with international partners on defence, security, industrial, and scientific issues.

Resources Consumed

Financial Resources

2007-2008			
($ Thousands)	**Planned Spending**	**Total Authorities**	**Actual Spending**
Departmental Spending	947,928	962,130	1,036,470
Capital Spending	26,231	24,874	30,880

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

Note: The total authority column is the department's internal breakdown of the approved votes into the PAA reporting categories. It does not represent the voted authorities approved by Parliament.

Provide Advice to Government of Canada

DND and the CF advised the Government of Canada on a range of issues in fiscal year 2007-2008, from the mission in Afghanistan to disaster response at home. The Department continued to play a central role in shaping the *Canada First* Defence Strategy; managing Canada's international defence relations, through the UN, NATO, and NORAD; and coordinating Defence activities with the priorities of the Cabinet, Parliament, other government departments and agencies, the academic community (through the Security and Defence Forum), and the Canadian public.

The new operational commands and the Strategic Joint Staff demonstrated their ability to offer military advice to the government in a variety of situations. The Strategic Joint Staff provided military analysis and decision support to the Chief of the Defence Staff in his role as the principal military advisor to the Government of Canada. Canada Command developed plans for security support to the RCMP at the 2010 Winter Olympics in Vancouver, and regularly provided the Government with advice on domestic defence and security issues through the interdepartmental Assistant Deputy Ministers' Emergency Management Committee and the Assistant Deputy Ministers' Marine Security Committee. Canadian Expeditionary Forces Command brought an operational perspective to discussions on Canada's foreign policy in Afghanistan, Sudan, Haiti and many other parts of the world. For instance, the Canadian Expeditionary Force Command (CEFCOM)'s Quarterly Campaign Assessment Report has been instrumental in keeping the Government of Canada informed on the progress and achievements of CF operations in Afghanistan.

Ensuring that the CF continue to have the personnel, organizations, skills and equipment they need to deliver on the Government's Defence policy objectives requires careful planning and sound advice. Based on the premises of the Government's *Canada First* Defence Strategy, capability based planning and capability management was commenced and work continued on the development of a strategic capability roadmap that will provide guidance on the capabilities and acquisitions the CF will need over the next twenty years to deliver on the Government's level of ambition.

Contribute to Canadian Government and Society in Accordance with Canadian Interests and Values

Defence continued to make a valuable contribution to Canadian government and society by enhancing the security of critical government information technology through the Communications Security Establishment Canada; leading national search-and-rescue efforts through the National Search and Rescue Secretariat; promoting innovative technological solutions to security and defence concerns through Defence Research and Development Canada; providing training and opportunities for youth through the Cadet and Junior Ranger programs; promoting official languages and diversity in the workplace; connecting Canadians with their country's military heritage; and ensuring fairness, justice and accountability in all Defence activities through the Office of the Judge Advocate General and the Office of the Ombudsman for the Department of National Defence and the Canadian Forces.

Youth Programs Benefits and Results for Canadians

Urban and isolated communities across Canada, especially Aboriginal communities, benefit from the 1,139 Cadet units and 113 Junior Canadian Ranger patrols that provide training to some 54,159 cadets and 3,347 Junior Canadian Rangers.

Canadian Cadet Program

The objectives of the Canadian Cadet Program are to develop the attributes of good citizenship and leadership in young men and women, promote their physical fitness and stimulate their interest in CF operations at sea, on land and in the air. It is a federally sponsored national training program for youth between the ages of 12 and 18, conducted by Defence in partnership with the Navy League, the Army Cadet League and the Air Cadet League.

The Canadian Cadet Program expenditures for fiscal year 2007-2008 amounted to $190.7M. The following table provides expenditures by allotment over the past three years.

Canadian Cadet Program - Financial Resources by fiscal year				
($ Thousands)	**Actual Spending 2005–2006**	**Actual Spending 2006–2007**	**Planned Spending 2007–2008**	**Actual Spending 2007–2008**
Vote 1 – Personnel	102,519	106,913	108,524	107,140
Vote 1 – Operating and Maintenance	70,133	74,400	78,678	79,188
Sub-total	**$ 172,652**	**$ 181,313**	**$ 187,202**	**$ 186,328**
Vote 10 – Grants and Contributions	1,140	1,140	1,140	1,140
Vote 5 – Capital	3,485	3,344	3,717	3,275
Total	**$ 177,277**	**$ 185,797**	**$ 192,059**	**$ 190,743**

Source: Vice-Chief of the Defence Staff Group

Data Source: Directorate of Cadets - Youth Program End Year Report (EYR) for fiscal year 2007-2008

Cadet Activities

Many young Canadians benefited from Cadet training conducted from September to June, under the supervision of the Regional Cadet Support Units (RCSUs): Atlantic, Eastern, Central, Prairies, Pacific and Northern. Participation and training data are provided in the following table:

Training	Details	Cadets	Training Days
Local Training	1,139 Units	54,159	1,494,274
Summer Training	24 Training Centres	21,096	487,108

Source: Vice-Chief of the Defence Staff Group

Data Source: Directorate of Cadets -Youth Program End Year Report (EYR) for fiscal year 2007-2008.

National Activities

Distinct National Activities were held for each Cadet element as well as other National Activities for the benefit of Cadets from all three elements, notably: the International Cadet Exchange Program, the Cadet National Marksmanship Championship and the National Biathlon Championship.

Junior Canadian Rangers

The Junior Canadian Rangers (JCR) Program is designed to provide a structural youth program for youth between the ages of 12 to 18 through traditional, life and Ranger skills development activities. The program counts 3,347 Junior Rangers spread out in 113 Patrols. JCR Patrols are located in remote and isolated communities of Canada that have Canadian Rangers.

The Junior Canadian Rangers Program expenditures for fiscal year 2007-2008 amounted to $7,825.5K. The following table provides expenditures by allotment over the past three years.

Junior Canadian Rangers Program - Financial Resources by fiscal year				
($ thousands)	**Actual Spending 2005–2006**	**Actual Spending 2006–2007**	**Planned Spending 2007–2008**	**Actual Spending 2007–2008**
Vote 1 – Personnel	3,116	3,415	3,910	3,665
Vote 1 – Operating and Maintenance	4,868	4,410	4,535	4,460
Sub-total	**$ 7,984**	**$ 7,825**	**$ 8,445**	**$ 7,825**
Vote 5 – Capital	0	0	0	0
Total	**$ 7,984**	**$ 7,825**	**$ 8,445**	**$ 7,825**

Source: Vice-Chief of the Defence Staff Group

Data Source: Directorate of Cadets – Youth Program End Year Report (EYR) FY 07-08

Official Languages

Defence continues to work toward meeting the requirements of the *Official Languages Act* and the department's official languages policies through the implementation of official languages requirements and priorities identified in the *National Defence Official Languages Program Transformation Model 2007-2012*. Priorities include the implementation of a functional approach whereby DND employees contribute to increase the National Defence capacity to accomplish functions in both official languages when required; the development of a heightened awareness and education program regarding personnel's language rights and obligations; and the implementation of a comprehensive performance measurement system. This will ensure full compliance with the requirements outlined in the *Official Languages Act*. In addition, the existing funding for language training was increased and extended.

Although the department has made significant progress towards meeting the requirements of the *Official Languages Act* and its official languages policies, there is still room for improvement. The Department's MAF assessment conducted for fiscal year 2007-2008 noted that the department must continue its efforts to improve linguistic capacity in its offices with the obligation to provide service to the public in both official languages. The Department has committed to improving capacity to provide services in both official languages through monitoring and reporting on performance outcomes identified in the *National Defence Official Languages Program Transformation Model 2007-2012*.

Employment Equity and Diversity

The Defence Diversity Council (DDC) provides the strategic framework for the management of Employment Equity and diversity in Defence and the CF. DND and the CF are viewed as separate employers under the *Employment Equity Act* and DDC provides both military and civilian staffs, as well as the Employment Equity (EE) Advisory Groups which represent the grass roots of the department, an opportunity to come together, exchange information, express concerns and identify opportunities for cooperation. The uniqueness of military life, particularly the concept of "soldier First" presents a number of unique challenges for the CF in achieving EE representation goals, as evidenced by having its own set of EE regulations. The issue of under-representation has been further complicated by the fact that the workforce is very diverse, consists of a relatively large operational component situated mainly in the regions, and is managed across many service and force organizations. Canada is becoming more diverse and National Defence needs to make additional efforts to reflect this growing diversity through integrated business and HR planning.

Military

The CF continued the implementation of the corporate Employment Equity plan through specific initiatives such as the CF "beyond compliance" campaign, outreach efforts and the appointment of a Champion for CF Persons with Disabilities.

The Canadian Human Rights Commission tabled its first audit report on the CF's Employment Equity compliance. The CF was found to be compliant on seven out of nine criteria. The last two undertakings will be integrated into the CF Employment Equity Plan, which covers the period 2007-2012.

Civilian

Integral to integrated HR and business planning and all aspects of the renewal agenda is a workforce that can draw upon a diversity of origins, cultures, views, ideas, experiences and perspectives from across Canada. Having capable people of all backgrounds and regions in Canada contributes to creativity and innovation, in addition to contributing directly to excellence in policy and service delivery. Key activities in support of the Corporate Civilian Employment Equity Action Plan (CCEEAP) were undertaken during the fiscal year, as follows:

- A Diversity Training Needs Analysis was completed. The resulting Diversity/EE Training and Learning Strategy and Action Plan are being implemented to ensure that all personnel receive the training and tools they require to contribute to the organization's Diversity/EE objectives. The Employment Equity and Diversity for Managers and Supervisors course is now a mandatory requirement for the executive feeder group.
- A Self-identification Census was conducted in fall of 2007 to increase the visibility of the self-identification program. To demonstrate the organization's support for diversity, DND administered a Diversity Climate Survey to a large sampling of employees, in order to measure general attitudes and specific opinions toward diversity, perceptions of the diversity climate in DND, and knowledge of EE in general. Results of the Survey shows that overall, there is a moderate level of support for EE and a higher level of support for programs and policies that ensure equality for all employees, and less for those that favour designated group members only. Gaining insights such as this is an important step in identifying what types of approaches are needed to foster positive attitude and cultural change.
- The MAF Assessment V conducted by the Treasury Board Secretariat (TBS) for fiscal year 2007-2008 noted DND is representative of the Canadian population for the aboriginal and physically disabled groups. However, it must improve

measures particularly for visible minorities and women as they were slightly below their respective representations based on Labour Market Availability calculations using the 2001 Census. An EE Planning, Monitoring and Reporting Framework was approved that incorporates planning activities, strategic outcomes and performance indicators to ensure that DND demonstrates progress in closing EE gaps. The Framework, being implemented in 2008-2009, is an internal initiative to monitor progress of the EE Program, the implementation of the EE Plan, flag areas of concerns and take corrective action. At the same time, it will facilitate external reporting requirements.

- DND is fully compliant with all nine Canadian Human Rights Commission statutory requirements.

Safety Programs

The DND and CF are committed to ensuring that health and safety considerations are incorporated into all aspects of DND and CF operations, training and support activity. This policy is accomplished through effective safety programs including the General Safety Program and ten specific programs: Diving, Field, Air Worthiness, Laser, Respiratory Protection, Mobile Support Equipment, Ammunition and Explosives, Radio Frequency, Fire Protection and Emergency Services, and Nuclear and Ionizing Radiation Safety. These programs and their relevant authorities are detailed in Defence Administrative Orders and Directives (DAOD) 2007-0 - Safety, available online at: <http://www.admfincs.forces.gc.ca/dao-doa/index-eng.asp>.

General Safety

The General Safety Program was established at DND to ensure that safety considerations are incorporated into every aspect of Defence operations, training and support activities. As well as occupational safety for both civilian and military personnel, it comprises occupational health and the Return to Work program for Defence civilians. In addition, the Directorate acts as the secretariat for the Defence/CF Occupational Health and Safety (OHS) Council and the DND OHS Policy Committee. This past year Public Health for Defence civilians was also added to the Program's responsibilities. The General Safety Program is designed to meet the OHS legislative requirements of the Canada Labour Code, Part II (CLC, Part II) and the Treasury Board/National Joint Council OHS Directive.

This reporting period has seen an improvement in the quality of hazardous occurrence reporting and thus an improvement to the OHS database; a significant increase in the number of General Safety Courses held and personnel trained in OHS; an increase to the number of General Safety Officers certified as Canadian Registered Safety Professionals; the implementation of a comprehensive General Safety Officer professional development framework; and, a suspected decrease to the accident and time lost rates.

Nuclear Safety

Defence continued to maintain a robust and comprehensive nuclear safety program to ensure the management of its nuclear-related activities fully meet the requirements of the

Order in Council that excludes DND and the CF in respect of military operations and military equipment from the *Nuclear Safety and Control Act* or any regulations made pursuant thereto. The requirements established for DND and the CF on behalf of the Minister of National Defence for the management of nuclear-related activities were consistent with the requirements for health, safety, security, and the protection of the environment established under the Act, and provided the flexibility required to achieve operational effectiveness in Canada and abroad.

The Director General Nuclear Safety, through its compliance assessment program, annually assesses the safety and effectiveness of the management of nuclear-related activities within the various organizations in Defence. The status of nuclear programmes within National Defence for fiscal year 2007-2008 was considered good.

National Defence nuclear safety requirements established in the Nuclear Safety Orders and Directives are available on line with the annual reports on nuclear safety.

Canadian Identity – History and Heritage

Canada's history and identity was represented clearly through several events and undertakings including:

- interment of the remains of Canadians from World War I (WW I) and World War II (WW II): The remains of Pte Peterson, a WW I Canadian soldier, were successfully identified at Avion, France and were interred in conjunction with the events surrounding the 90th anniversary of the Battle of Vimy Ridge on April 9, 2007. The remains of five WW II Canadian airmen, the crew of Halifax bomber JP276A, were interred in Krakow, Poland in October 2007;
- attendance at the 90th anniversary of the Battle of Vimy Ridge and the dedication of the restored monument at Vimy. This event involved 400 CF members at four major events (Freedom of the City of Arras, sunset ceremony at Vimy, burial of the remains of a Canadian soldier found and identified at nearby Avion, and the dedication of the restored monument at Vimy by HM the Queen) in front of 35,000 people;
- support to Veteran Affairs Canada's commemoration of the 65th anniversary of the Dieppe Raid;
- progress on work to update the national inventory of Canadian Military Memorials;
- publication of the book Québec – Ville militaire, 1608–2008 in commemoration of the 400th anniversary of the founding of Québec City; and
- participation in the first edition of the Kremlin Zoria Military Tattoo.

Canadian Forces Grievance Authority

Defence remained committed to the resolution of complaints through the enhancement of the CF Grievance Process. Improvements have been made to the National Grievance Registry System to more effectively track grievances at all levels of the CF. Although the data provided by the registry has increased the visibility of the CF grievance portfolio, efforts have also been made to further improve upon this manual system through the creation of a web-based interface. This interface will enable a case management communication reporting network that will provide real time data directly to grievance stakeholders at all levels of the CF. The delivery of this capability, initially targeted for fiscal year 2007-2008, has been delayed to 2009 due to competing departmental priorities.

During this reporting period, Defence published the new CF Grievance Manual. Various stakeholders are reviewing draft amendments to the Queens Regulations and Orders (QR&Os).

For more information visit the Canadian Forces Grievance Authority and the Canadian Forces Grievance Board.

Contribute to the International Community in Accordance with Canadian Interests and Values

National Defence activities in fiscal year 2007-2008 demonstrated Canada's commitment to enhancing global stability and prosperity. Defence contributed to the international community in accordance with Canadian interest and values through international organizations, industrial defence cooperation, scientific and technological cooperation, and the provision of military training assistance.

Multilateral Organizations

In support of the Government of Canada's strategic outcome of a safe and secure world through international cooperation, National Defence contributed to many multilateral and bilateral organizations that are both aligned with Canadian values and effective mechanisms for advancing and protecting Canadian interests on the international stage.

Canada is a founding member of the United Nations (UN) and a pioneer in that organization's peace support operations. National Defence continued to support Canada's longstanding commitment to the UN and its principles. In July 2007 the United Nations Security Council authorized the creation of the hybrid United Nations-African Union Mission in Darfur (UNAMID), to which Canada has contributed money, personnel, and equipment through Operation *SATURN*, including a loan of 105 Armoured Vehicles, General Purpose (AVGPs) to three African Union (AU) troop contributing countries. Through the Military Training Assistance Program (MTAP), National Defence also increased AU capacity for peace support operations by providing training for African military personnel. As well, Defence concluded its three-year participation in the UN Assistance Mission for Iraq (Operation *IOLAUS*) in July 2007, but continued to contribute personnel and resources to other UN missions in Africa, the Caribbean, and the Middle East throughout the fiscal year.

National Defence was also actively preparing to host the Conference of Defence Ministers of the Americas in Banff, Alberta in September 2008, the first time the event will be held in Canada. Two thematic conferences were held in fiscal year 2007-2008 to consult with government and non-government stakeholders on hemispheric cooperation in peace support operations, major event security, civil-military relations, and disaster response. These discussions will shape the final agenda of the Conference.

Canada continued its coordination with the US on the Permanent Joint Board on Defence (PJBD), the highest-level Canada-US defence body. Canada hosted the US at the 220th meeting of the PJBD in Halifax in October 2007; the US hosted Canada at the 221st meeting in Key West, Florida in March 2008. In February 2008, Canada Command and its US counterpart, Northern Command, agreed to coordinate plans for military-to-military cooperation in support of civil authorities during an emergency, building on the experience gained from working together in response to disasters such as Hurricane Katrina.

In September 2007, Canada hosted the Chiefs of Defence from 26 NATO members at a meeting of NATO's Military Committee, which was chaired by Canadian General Raymond Henault. Defence also worked to further bilateral defence cooperation at the military and political levels with some of Canada's NATO allies through annual staff talks, the development of Memoranda of Understanding, and hosting frequent visits by Allied Ministers of Defence and their senior officials.

Throughout the reporting period, National Defence also contributed to Canadian preparations for the NATO Summit in Bucharest at the beginning of April 2008, which resulted in a clear strategic vision, developed in conjunction with Canadian, Afghan and international partners.

In the Asia-Pacific region, Defence contributed to sustaining and strengthening the various multilateral fora that make up the overlapping security architecture of the region. In 2007, the Deputy Minister represented Canada at the International Institute for Strategic Studies 6th annual Asian Security Summit for Defence Ministers and senior Defence officials in Singapore, while the Vice-Chief of Defence Staff participated in the regional Chiefs of Defence Conference hosted by US Pacific Command. Defence also continued to actively support the Department of Foreign Affairs and International Trade's efforts to enhance the ASEAN Regional Forum, the region's main multilateral security institution, co-hosting a regional 'Defence Officials Dialogue' in Brunei and sending representatives to other activities. Defence was also active in the Western Pacific Naval Symposium, Pacific-Area Senior Officers Logistics Seminar, and Pacific Army and Air Chief Conferences. Defence participation in all these bodies also facilitated efforts to enhance bilateral contacts, which included the first ever visit to India by a Canadian Minister of National Defence in February 2008.

Industrial Defence Cooperation

During fiscal year 2007-2008, Defence continued to enhance industrial cooperation with Canada's allies, including through activities associated with the Joint Strike Fighter program, the Security and Prosperity Partnership with the United States, and NATO. The Joint Strike Fighter program is a US-led multinational effort to build an affordable, multi-role, stealthy fighter aircraft. Nine countries are in the program, including the United States, Italy, the United Kingdom, Norway, Denmark, Australia, the Netherlands, Turkey and Canada. While Canada has been involved in this program since 1997, this initiative is not currently considered an acquisition program.

Specific accomplishments during fiscal year 2007-2008 included:

- the identification of over $6 billion worth of potential industrial opportunities for Canadian industry on the Joint Strike Fighter program;
- the identification of industries (both domestic and foreign) critical to Canada's defence objectives and missions through the Security and Prosperity Partnership;
- successfully convincing NATO to adopt a less costly and less risky procurement strategy for the Allied Ground System (AGS), offering 70 percent of the capability for 30 percent of the original cost;
- influencing the NATO Maintenance and Supply Agency to transform from a static organization to one capable of providing expeditionary operations support in theatre; and
- working to reorganize the NATO Airborne Early Warning and Control Program Organization to improve efficiency and reduce costs.

Scientific and Technological Cooperation

During fiscal year 2007-2008, Defence Research and Development Canada (DRDC) participated in a number of key international defence scientific and technological programs and events. The Technical Cooperation Program (TTCP) with the US, the UK, Australia and New Zealand remained Canada's most important international science and technology activity. Since its establishment, TTCP has provided a forum for collaborative exchanges and joint trials that reduce unnecessary duplication of research efforts and resources, and also improve interoperability between the military partners. DRDC actively participated in all TTCP groups. Last year, collaborative efforts between Canada, the US and the UK began to show results in operational theatres. The 'small-volume hypertonic fluid resuscitation for hemorrhagic casualty care' is a saline solution at least 10 percent stronger than the one normally used to restore blood pressure and reduce medical complications associated with shock. Another collaborative project studied command and control in a coalition. Australia, Canada and the US combined efforts to build a distributed network operations center to allow sharing of information, intelligence and orders across the range of networks.

DRDC hosted the 2007 NATO Exercise PRECISE RESPONSE, an annual joint training exercise that evaluated military capabilities required to deter and manage the use of chemical, biological, radiological and nuclear (CBRN) weapons devices. One hundred and eighty participants from Belgium, Canada, Denmark, France, Norway, the UK and the US, along with observers from Germany, Italy and Spain, came together to test their skills and improve multinational interoperability in a realistic CBRN environment. As a key member of the NATO Research and Technology Board (RTB), DRDC advocated a more holistic approach to joint research and technology and a better balance between national and alliance research priorities.

The DRDC Centre for Security Science (CSS) revitalized the relationship with the US Department of Homeland Security (DHS) under the banner of the Canada-US Public Security Technical Program. DRDC CSS has coordinated work in priority areas that led DRDC and DHS to sign five bilateral Cooperative Activity Arrangements. Two others were under discussion. The signed arrangements cover more than 15 specific activities involving more than eight Government of Canada departments and agencies. DRDC CSS also engaged with DHS in sharing information on risk assessments reports and methodology for chemical, biological, radiological, nuclear and explosive threats and food safety. DRDC CSS' role in supporting Canada-US science and technology collaboration is to leverage and enhance Canada's capabilities while sharing or reducing costs, with the ultimate objective of improving security for Canadians and the trade and transportation networks they depend upon.

Military Training Assistance Program

During fiscal year 2007-2008, the Military Training Assistance Program (MTAP) provided training for over 1,300 students from 62 countries. A major achievement last year was the CF certification of the Jamaica Military Aviation School, which repatriated flight instruction to Jamaica after 35 years of training Jamaican pilots in Canada. MTAP also increased its engagement with the Department of Foreign Affairs and International Trade's Counter Terrorism Capacity Building Program.

For additional information on MTAP see: Table 6c: Details of Transfer Payment Programs – Narrative.

Section III: Supplementary Information

Departmental Links to Government of Canada Outcomes

($ Thousands)	**2007-2008**								
Program Activity	Budgetary							Plus: Non-Budgetary	**Total**
	Operating	Capital	Grants	Contributions	Total Budgetary Expenditures	Less: Respendable Revenue	Total: Net Budgetary Expenditures	Loans, Investments and Advances	
Strategic Outcome: Canadians' confidence that DND and the CF have relevant and credible capacity to meet defence and security commitments.									
Generate and Sustain Relevant, Responsive and Effective Combat-Capable Integrated Forces									
Main Estimates	10,812,417	3,370,129	152	20,627	14,203,325	162,051	14,041,274	0	14,041,274
Planned Spending	11,066,422	3,685,877	152	20,627	14,773,078	162,051	14,611,027	2,583	14,613,610
Total Authorities	11,800,155	3,719,441	142	16,057	15,535,795	180,019	15,355,776	69,418	15,425,194
Actual Spending	10,932,890	2,811,308	124	10,449	13,754,770	180,019	13,574,751	7,560	13,582,311
Strategic Outcome: Success in assigned missions in contributing to domestic and international peace, security and stability.									
Conduct Operations									
Main Estimates	1,708,095	196,508	-	-	1,904,603	10,364	1,894,239	0	1,894,239
Planned Spending	2,100,346	196,508	-	-	2,296,854	10,364	2,286,490	264	2,286,754
Total Authorities	2,263,730	219,694	-	-	2,483,424	23,175	2,460,249	14,027	2,474,276
Actual Spending	2,578,403	357,600	-	-	2,936,003	23,175	2,912,828	1,527	2,914,355
Strategic Outcome: Good governance, Canadian identity and influence in a global community.									
Contribute to Canadian Government, Society and International Community in Accordance with Canadian Interests and Values									
Main Estimates	944,062	26,231	5,360	192,972	1,168,625	222,533	946,092	0	946,092
Planned Spending	945,898	26,231	5,360	192,972	1,170,461	222,533	947,928	168	948,096
Total Authorities	971,938	24,874	5,360	201,005	1,203,177	241,047	962,130	5,896	968,026
Actual Spending	1,080,967	30,852	5,213	160,485	1,277,517	241,047	1,036,470	729	1,037,199
Total									
Main Estimates	13,464,574	3,592,868	5,512	213,599	17,276,553	394,948	16,881,605	-	6,881,605
Planned Spending	14,112,666	3,908,616	5,512	213,599	18,240,393	394,948	17,845,445	3,015	17,848,460
Total Authorities	15,035,823	3,964,010	5,502	217,063	19,222,398	444,242	18,778,156	89,341	18,867,497
Actual Spending	14,592,260	3,199,760	5,337	170,934	17,968,291	444,242	17,524,049	9,816	17,533,865

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

* Due to rounding, figures may not add up to totals shown.

Financial Resources

Overview

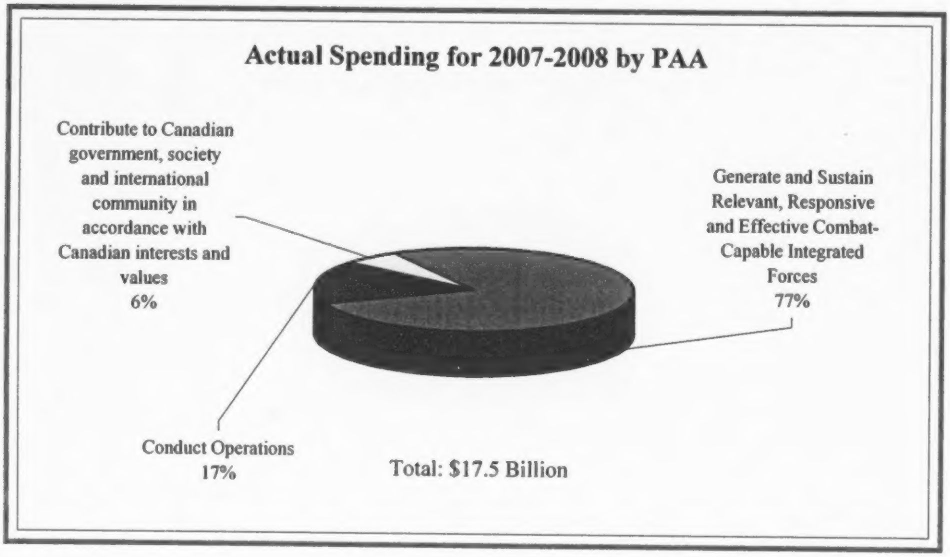

TABLE 1: COMPARISON OF PLANNED TO ACTUAL SPENDING (Including Full-Time Equivalents)

($ thousands)	Actual[1, 2] 2005-2006	Actual[1] 2006-2007	2007-2008			
			Main Estimates	Planned Spending	Total Authorities	Actual[1] Spending
Generate and Sustain Relevant, Responsive and Effective Combat-Capable Integrated Forces	12,295,273	12,452,034	14,041,274	14,611,027	15,355,776	13,574,751
Conduct Operations	1,598,598	2,355,403	1,894,239	2,286,490	2,460,249	2,912,828
Contribute to Canadian Government, Society and International Community in Accordance with Canadian Interests and Values	788,472	875,194	946,092	947,928	962,130	1,036,470
Total	**14,682,343**	**15,682,631**	**16,881,605**	**17,845,445**	**18,778,156**	**17,524,049**
Less: Non-Respendable Revenue	153,769	119,811	N/A	25,584	25,584	124,147
Plus: Cost of Services Received Without Charge	569,074	611,350	N/A	554,837	573,069	573,069
Total Departmental Spending	**15,097,648**	**16,174,170**	**16,881,605**	**18,374,699**	**19,325,641**	**17,972,971**
Full-time Equivalents	85,028	88,198	N/A	90,537	N/A	90,369

Sources: Assistant Deputy Minister (Finance and Corporate Services) Group, Assistant Deputy Minister (Human Resources - Civilian) Group and Chief Military Personnel Group

* Due to rounding, figures may not add up to totals shown.

Notes:

1. Includes statutory expenditures.
2. The PAA allocation of the 2005-2006 Actual is different than the PAA allocation of the 2005-2006 Actual reported in the 2005-2006 DPR Table 3b due to an improved methodology used for the allocation by PAA.

TABLE 2: VOTED AND STATUTORY ITEMS

($ Thousands)		2007-2008			
		Main Estimates	Planned Spending	Total Authorities	Actual
1	Operating Expenditures	11,848,854	12,496,946	13,234,229	12,812,314
5	Capital Expenditures	3,592,868	3,908,616	3,964,010	3,199,760
10	Grants and Contributions	210,451	210,451	215,086	168,793
(S)	Minister of National Defence - Salary and motor car allowance	75	75	74	74
(S)	Payments under the *Supplementary Retirement Benefits Act*	7,020	7,020	6,079	6,079
(S)	Payments under Part I-IV of the *Defence Services Pension Continuations Act*	1,550	1,550	1,319	1,319
(S)	Payments to dependants of certain members of the Royal Canadian Air Force killed while serving as instructors under the British Commonwealth Air Training Plan (Appropriation Act No. 4, 1968)	90	90	80	80
(S)	Contributions to employee benefit plans-Members of the Military	957,396	957,396	1,056,614	1,056,614
(S)	Contributions to employee benefit plans	263,300	263,300	269,730	269,730
(S)	Spending of proceeds from the disposal of surplus Crown assets	0	0	30,889	9,242
(S)	Collection Agency Fees	0	0	44	44
	Total Department	**16,881,605**	**17,845,445**	**18,778,156**	**17,524,049**

Source: Assistant Deputy Minister (Finance and Corporate Services) Group

* Due to rounding, figures may not add up to totals shown.

Notes:

1. This table explains the way Parliament votes resources to National Defence in a standardized fashion. It also reflects the changes made throughout the fiscal year to the funding levels via Supplementary Estimates, allotments from the Treasury Board and reallocations resulting from changing priorities and operational pressures.
2. Spending authority was increased through Supplementary Estimates and allotments from Treasury Board by $1,896.6 million for the following: $875.2 million to implement the Canada First Defence Strategy, $381.8 million associated with the capital investment projects announced in Budget 2005 and Budget 2006, $340.9 million to cover the incremental costs of the Canadian Forces' mission in Afghanistan, $159.2 million as a result of the Department's operating budget carry forward from 2006-2007 to 2007-2008, $103.1 million to cover the costs of the military pay and allowances increase, $30.5 million to cover the costs of civilian pay and allowance increases, and net $5.9 million to cover other miscellaneous items.

Additional Financial Information

The following tables can be found on the Treasury Board Secretariat web site at: http://www.tbs-sct.gc.ca/dpr-rmr/2007-2008/index-eng.asp

Table 1: Loans, Investments and Advances (Non-budgetary)

Table 2: Sources of Respendable and Non-Respendable Revenue

Table 3: User Fees Act

Table 4a: Details on Project Spending (Capital Equipment Program) Greater than $30M

Table 4b: Capital Construction Program (Spending over $60M)

Table 5: Status Report on Major Crown Projects

Table 6a: Summary of Transfer Payment Programs by Program Activity

Table 6b: Details of Transfer Payment Programs Over $5M

Table 6c: Details of Transfer Payment Programs - Narrative

Table 7: Sustainable Development Strategies

Table 8a: Response to Parliamentary Committees and External Audits

Table 8b: Response to Parliamentary Committees, and Audits and Evaluations

Table 9: Internal Audits and Evaluations

Table 10: Cost of CF International Operations

Table 11: Departmental Financial Statements

Additional Human Resources Information

Table A: Military (Regular Force) by Program Activity

Table B: Civilian Full-Time Equivalents by Program Activity

Table C: Combined Military and Civilian by Program Activity

Table D: Summary of Military (Regular Force) Strength by Rank

Section IV: Other Items of Interest

Internal Services

Internal Services do not constitute a defined program activity within the Program Activity Architecture (PAA) construct but provide a place to list the organizational entities, such as finance and information management that support and provide coherence to the three program activities in the PAA structure. The costs of Internal Services activities are distributed across the three program activities according to a pro-rated formula.

Modern Management

Management Accountability Framework (MAF)

Defence has adopted the Management Accountability Framework (MAF) as a means of enhancing modern management. Notwithstanding its primary purpose as a Treasury Board Secretariat (TBS) evaluation tool for assessing the effectiveness of Defence management practices, the MAF is gaining prominence within Defence as an instrument of continuous improvement. The benchmarks and best practices that the MAF has established for all 21 Areas of Management provide a roadmap for Defence leadership in the pursuit of improved management.

Management, Resources and Results Structure (MRRS)

During 2007-2008, Defence engaged in a consultative exercise with TBS to address issues cited in TBS's 2006 MAF Assessment regarding our PAA structure. With senior management engagement, Defence and TBS collaborated to find the best means of reporting on activities and outcomes in a relevant and accessible manner. A mutually acceptable solution to both Defence and TBS continues to be pursued at this time to ensure that Defence is compliant with MRRS requirements while having a PAA structure that is both representative and useful to the management of the organization and its resources.

Strategic Governance

In 2007, Defence implemented changes to its strategic governance structure to better support the implementation of the *Canada First* Defence Strategy. Fine-tuning of the structure and the processes is ongoing. Adjustments have been made to strengthen accountability, by moving to a system of individual rather than shared accountability. Committee chairs now make decisions informed by consultation and advice received, whereas previously, committee decision-making was consensus-based. Additional adjustments facilitate the adoption of Capability Based Planning (CBP) as the centralized approach to long-term requirements definition.

This past year the Joint Capability Requirements Board (JCRB) was re-introduced. The JCRB provides the VCDS, as decision maker, situational awareness and decision support to develop the Defence strategic intent and future capabilities outlook. This approach provides decision makers the comprehensive understanding of the future needed to develop a strategic capabilities roadmap, a critical first step in developing an affordable and achievable Investment Plan.

Strategic governance in Defence will continue to evolve, based on the results of governance monitoring and feedback received on the effectiveness of the strategic governance structure. Fine-tuning will continue as an iterative process over time.

Portfolio Coordination

Through the Management Accountability Framework, TBS is placing increased emphasis on portfolio governance and coordination. The Privy Council Office is also directing government-wide adherence to portfolio coordination in accordance with the *Federal Accountability Act*. To address these requirements, Defence developed a Portfolio Governance and Coordination Strategy paper in 2007. It outlines how the Department is moving forward to revitalize and strengthen its existing portfolio coordination function using a more proactive approach. Major initiatives include:

- Proactively strengthening partnerships between Defence and its portfolio organizations through individual meetings between ADM(Fin CS) and portfolio heads, and Deputy Minister and Minister of National Defence offices;
- Developing a draft Code of Practice for DND Governor-in-Council appointments to provide a description of the appointment process and ensure greater transparency, diversity and consistency in the management of appointments;
- Developing a draft departmental portfolio handbook that has been circulated to portfolio partners for comments to raise awareness of Defence portfolio governance and coordination;
- Representing Defence as a member of the Interdepartmental Portfolio Coordination Committee that meets regularly to discuss evolving horizontal issues in the federal Government;
- Sharing best practices with Defence and portfolio organizations in order to work towards common goals; and
- Developing a draft administrative and financial framework for portfolios.

Risk Management

Corporate Risk Profile

The MAF 2006 Assessment stated that Defence's progress in implementing effective corporate risk management had been slower than expected. Treasury Board recommended that Defence update its corporate risk profile (CRP) and assign accountability for major risks, including tracking progress on risk mitigation measures.

During the 2007-2008 fiscal year, the CRP was developed. The CRP provides a snapshot of strategic risk in Defence at a specific moment, and identifies the critical high-level risks and their mitigation strategies that will be managed at the corporate level.

Integrated Risk Management Plan

The Defence Integrated Risk Management (IRM) Implementation Plan was developed and distributed. This document details how IRM will be integrated into the Performance Management Framework including strategic and business planning, decision-making processes and reporting. This plan was punctuated by the explicit direction provided by senior Departmental leadership to incorporate IRM into strategic-level governance bodies and the overall Defence Planning and Management (DP&M) process. Specifically, the outputs from the IRM process will form the foundation for the establishment of Defence priorities and strategic objectives, which will in turn influence the prioritization of initiatives for the Investment Plan and annual business plans.

Follow-up action by the Treasury Board during the MAF 2007 Assessment noted that:

"DND has made strong progress in the implementation of integrated risk management. The department has identified its major risks to the successful delivery of the Defence programme and intends to integrate risk in the upcoming planning cycle. TBS is encouraged by the Department's efforts to date and believes it could be an exemplary federal organization in this area of management once its risk management system is complete and fully functioning."

Investment Plan

The MAF 2006 Assessment emphasized the requirement for Defence to submit an Investment Plan to Treasury Board.

The MAF 2007 Assessment stated that:

"DND has made significant progress towards the completion of an Investment Plan for consideration of Treasury Board. In November 2007, DND submitted the Investment Plan Framework to the Secretariat, which provided a starting point for Ministers and central agencies to assess the long term affordability and sustainability of the Defence programme. The preparation of this framework was a major accomplishment in support of DND's participation in the pilot implementation of new Treasury Board policies on Investment Planning and the Management of Projects. The Framework has laid the foundation for a fully developed Investment Plan, scheduled for submission to Treasury Board in November 2008."

Comptrollership

DND progressed from the 2006 MAF from Opportunities for Improvement to an Acceptable rating regarding the Financial Compliance Control Framework. DND maintained its strong financial compliance control framework with fine-tuning of specific contract or program control frameworks or responsibility centre manager processes and procedures where the need was identified as a result of compliance and audit observations. Work progressed on the Department Audited Financial Statements Project and work-plans were approved for all activities including the three key areas of inventories, assets and general IT controls.

Results and Performance

Significant effort was expended in early 2007-2008 to evolve and mature the Defence Performance Management Framework (PMF) to ensure the right set of performance indicators, measures and targets were in place to accurately feed the Defence Strategy Map and Balanced Scorecard. However, it was subsequently determined the current Strategy Map was not sufficiently forward-looking and did not adequately address the longer-term needs of Defence. Consequently, the Strategy Map is presently undergoing an update that will result in more relevant strategic objectives to guide future corporate decision-making.

In parallel, there is an initiative underway to develop a unified set of performance measures based on the PAA indicators that will also meet the reporting requirements for the Defence Strategy Map, the MAF, the Investment Plan and the annual business plans. This goal will further facilitate the alignment of the various elements of the PMF and contribute to the improved communication of strategic issues to the DMC.

Labour Relations

In the Treasury Board Secretariat's (TBS) MAF Assessment V for 2007-2008, DND was recognized for strong management of labour relations. The department has well-established policies and guidelines, and is a leader in terms of training and the use of its informal conflict management system.

Essential Services Agreement (ESA) submissions, required for employees who belong to the Public Service Alliance of Canada (PSAC), were developed by local DND managers and discussed with the local union officials. These proposals were submitted for further negotiation at the national level between the union and the Department. Negotiations will conclude in the next fiscal year between PSAC and the TBS.

DND has been working with the TBS and other government departments and agencies to ensure that civilian DND employees receive benefits in recognition for the level of risk associated with working in certain locations in support of the Canadian Forces. As a result, the TBS introduced in February 2008 a Special Risk Premium for public servants working in Afghanistan.

Information Management

As the functional authority for information management at Defence, the Assistant Deputy Minister (Information Management) is responsible to ensure that the IM services meet the needs of the CF and the Department. Over the reporting period significant results have been achieved in the stewardship of resources and the aligning of IM service delivery.

Two significant areas that demonstrated progress as well as potential are those of IM service transformation and IM/IT rationalization.

IM Service Transformation

Through a discovery and alignment strategy, the IM Services Transformation (IMST) Project is examining the infrastructure, applications and process layers of the Information

Technology (IT) services within the department. This process, which is in line with the Treasury Board framework, includes reviewing the IM/IT processes and addressing the IM Group's ability to sustain and support current service delivery while evolving to be positioned to scale and accommodate changes required in support of transformation. In so doing, IMST provided several key directives including a new service delivery model that is better designed to address the complex nature and high tempo environment within which Defence operate. This model addresses the main concerns of managing the client priorities and the respective service oriented alignment within the service delivery functions. The IMST Project is supporting the IM Transformation agenda by providing visibility and ongoing change management. The IMST project reached a major milestone in the Québec Pilot by completing the discovery phase in October 2007. The information garnered and lessons learned positioned the IMST project to finalize the approach for the other regions and advance Québec towards a converged service delivery model. There was a strategic review and pause to collect lessons learned and implement these into the strategic plan that will be the focus going forward.

IM/IT Rationalization

Rationalization of the Defence IM Program is key to providing better access to information and knowledge management for the leadership across the Department and the CF. Progress was made within this reporting period and the initiative was presented at the senior decision making boards. This initiative is about better enabling the technology to assist in the organizational understanding of the efficiencies and effectiveness that can be derived from a better model of service delivery. Since IM/IT is by its very nature ubiquitous and is an enabler to almost every facet of daily activities, it is important that Defence make the best use of the technology already in use and harness the inherent usability to the maximum degree possible.

One of the most anticipated enterprise resource planning (ERP) solutions in recent years was successfully launched October 31, 2007, when the Defence Integrated Human Resources System (DIHRS) Project turned on a new human resources management system for civilian employees of DND. Eighteen months of development and testing culminated in delivering a state of the art system for the Department's civilian employees. Moving to this system dove-tailed perfectly with the IM Group's strategic goal of providing commercial-off-the-shelf (COTS) IM/IT solutions that required little or no customizations and could transition easily to additional functionality and future upgrades. The implementation of this system is a watershed in the transition of the IM Group. It marked the first time a project was stopped half way through development and redirected to provide a Commercial Off-the-Shelf solution. It validated the ADM(IM)'s approach to transforming the IM/IT service delivery within Defence to one of value for money, and it served notice that future IM/IT solutions must not only provide new functionally but drive business transformation.

Additionally, results were achieved with the introduction of the Global Defence Network Services (GDNS) project, which built upon the lessons learned from DND's first major telecommunications outsourcing endeavour, the Telecommunications Services Renewal Project (TSRP). This project completely, and successfully, re-engineered the way in which telecommunications and network services were procured, operated, managed and maintained within DND. The scope of the GDNS contract is similar to the scope of the TSRP contract. The main difference is the inclusion of some international services whereas the TSRP contract is limited to domestic services. The GDNS contract will take into account the lessons learned during the TSRP contract and the changes in DND requirements and the telecommunication industry since the TSRP contract was issued in 2000.

Stewardship was also clearly supported through another milestone reached on June 13, 2007 when the Materiel Acquisition and Support Information System (MASIS) Project received Departmental and Treasury Board approval to proceed with the next phase of its implementation in DND. During previous phases, MASIS has been successfully rolled out to the Navy Engineering and Maintenance communities on the East and West coasts; to 202 Workshop Depot in Montreal for workshop management; and to NDHQ personnel for asset accounting, procurement, and Life Cycle Engineering within the Navy. Building upon this baseline solution, MASIS Phase 5 will see rollouts across the Army, Air Force, and Information Management Group and will provide increased functionality as well as the ability to make MASIS fully deployable with units involved in operations around the world.

Public Affairs

In fiscal year 2007-2008, Public Affairs provided communications services to support departmental activities and CF operations, including contributing to the work of the Government of Canada's Afghanistan Task Force. Public Affairs worked closely with partner departments such as DFAIT and CIDA to help develop a comprehensive communications strategy to promote understanding of Canada's multi-faceted role in Afghanistan.

For full information, see Appendix J.

Section V: Additional Information

Appendices

Appendix A: Legislation and Regulations Administered

The Minister of National Defence is responsible to Parliament for many statutes, and is assigned relevant responsibilities in the administration of many laws and regulations. The comprehensive list is available at: <http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5895>

Appendix B: National Defence Headquarters Organization Chart

The National Defence Headquarters Organization chart can be found at: <http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5896>

Appendix C: List of Key Partners and Stakeholders

The Department of National Defence and the Canadian Forces collaborate with many partners in Canada and abroad that help support the Defence mission. The broad scope of the Defence mandate is reflected in the complexity and diversity of it is partners and stakeholders. To view the comprehensive list of Defence partners and stakeholders, visit: <http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5897>

Appendix D: Reserve Force

The role of the Primary Reserve is to augment, sustain and support deployed forces to international operations. Domestically, the Primary Reserve will continue to conduct coastal and air operations, as well as to continue to explore options to enhance the Reserve Force's domestic response capability, including the provision of personnel to response units across the country.

Additional information related to the Reserve Force for the DPR 07-08 can be found at: <http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5898>

Appendix E: National Search and Rescue Secretariat

The National Search and Rescue Secretariat (NSS) is an independent agency of government, reporting to the Lead Minister for Search and Rescue (the Minister of National Defence). The NSS was established in 1986 to support and promote the activities of the National Search and Rescue (SAR) Program (NSP) as a means to achieve highly effective and economically responsible search and rescue programs throughout Canada.

Additional information related to the National Search and Rescue Secretariat for the DPR 07-08 can be found at: <http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5899>

Appendix F: Communications Security Establishment Canada

The Communications Security Establishment Canada (CSEC) is Canada's national cryptologic agency. CSEC provide the Government of Canada with two key services: foreign signals intelligence in support of defence and foreign policy, and the protection of electronic information and communication.

Additional information related to the Communications Security Establishment Canada for the DPR 07-08 can be found at: <http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5900>

Appendix G: Defence Research and Development Canada

Defence R&D Canada (DRDC), a Special Operating Agency of DND, provides other groups and principles with the scientific and technological advice, products and services, and operational research and analysis required to effectively carry out Canadian Forces assigned missions and tasks.

Additional information related to the Defence Research and Development Canada for the DPR 07-08 can be found at: <http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5901>

Appendix H: The Office of the Judge Advocate General

The mission of the Office of the Judge Advocate General for the Canadian Forces is to provide effective and efficient legal services in respect of military law and to superintend the administration of military justice.

Additional information related to the Office of the Judge Advocate General for the DPR 07-08 can be found at: <http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5902>

Appendix I: The Office of the Ombudsman for the Department of National Defence and the Canadian Forces

The Ombudsman investigates complaints and serves as a neutral third party on matters related to the Department of National Defence and the Canadian Forces. Acting independently of the chain of command and managers, he reports directly to the Minister of National Defence.

The office is a direct source of information, referral, and education for the men and women of the Department of National Defence and the Canadian Forces. Its role is to help individuals access existing channels of assistance or redress when they have a complaint or concern.

Additional information related to the Office of the Ombudsman for DND and the CF for the DPR 07-08 can be found at: <http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5903>

Appendix J: Public Affairs

Public Affairs provide communications services to support departmental activities and CF operations.

Additional information related to Public Affairs for the DPR 07-08 can be found at: <http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5904>

Appendix K: Recognizing Individuals and Team Achievements

A comprehensive list recognizing individuals and team achievements for fiscal year 2007-2008 can be found at: <http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5905>

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Department of National Defence	<http://www.forces.gc.ca>
Office of the Judge Advocate General	<http://www.forces.gc.ca/jag/index-eng.asp>
Office of the Ombudsman for National Defence and the Canadian Forces	<http://www.ombudsman.forces.gc.ca>
National Search and Rescue Secretariat	<http://www.nss.gc.ca>
Defence Research & Development Canada	<http://www.drdc-rddc.gc.ca>
Communications Security Establishment Canada	<http://www.cse-cst.gc.ca>
Defence Planning and Management	<http://www.vcds-vcemd.forces.gc.ca/sites/page-eng.asp?page=5606>

List of Acronyms

	A
ADR	Alternate Dispute Resolution
ASEAN	Association of South East Asian Nations
AFG	Afghanistan
ANA	Afghan National Army
ANP	Afghan National Police
ATIP	Access to Information and Privacy
AU	African Union
	C
Canada COM	Canada Command
CDS	Chief of the Defence Staff
CF	Canadian Forces
CFDS	*Canada First* Defence Strategy
CIDA	Canadian International Development Agency
CMP	Chief of Military Personnel
CSEC	Communications Security Establishment Canada
	D
DFAIT	Department of Foreign Affairs and International Trade
DHRIM	Director Human Resources Information Management
DM	Deputy Minister
DPR	Departmental Performance Report
DRDC	Defence Research and Development Canada
	E
EE	Employment Equity
	H
HMCS	Her Majesty's Canadian Ship
	I
IED	Improvised Explosive Device
ISAF	International Security Assistance Force
	L
LFC	Land Force Command

M

MAF	Management Accountability Framework
MND	Minister of National Defence
MTAP	Military Assistance Training Program

N

NATO	North Atlantic Treaty Organization
NDDN	Standing Committee on National Defence
NORAD	North American Aerospace Defence Command

P

PAA	Program Activity Architecture
PACP	Standing Committee on Public Accounts
PRT	Provincial Reconstruction Team
PS	Public Service

R

RCMP	Royal Canadian Mounted Police

S

SAR	Search and Rescue
SARSAT	Search and Rescue Satellite-Aided Tracking
SIGINT	Signal Intelligence

U

UAV	Unmanned Aerial Vehicle
UN	United Nations
US	United States

V

VAC	Veterans Affairs
VCDS	Vice-Chief of the Defence Staff

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